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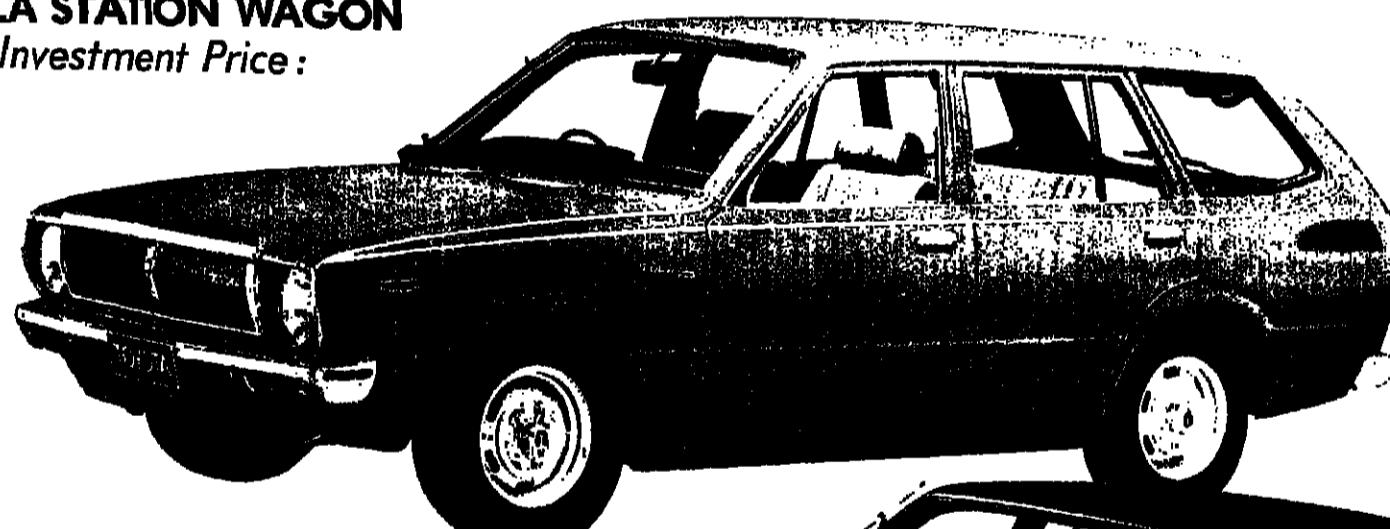
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NATIONAL BUSINESS REVIEW

Volume 9, No. 39 (Issue 356) October 17, 1979

Cartel threatens shippers with financial penalties

by Warren Berryman

THREATS of financial penalties against importers have been issued by the shipping cartel serving the New Zealand-Japan trade.

Some importers have been cutting transport costs from Japan by shipping with non-conference carrier Jebsens Lines.

The Australian and New Zealand Eastern Shipping Conference, a cartel consisting of overseas shipping companies and the Shipping Corporation of New Zealand, sent a letter through the Japanese trading houses to importers who used Jebsens' carrier.

In effect the New Zealand importer became the shipper.

Previously the Japanese trading house had been the

threatening the New Zealand importer with higher freight rates on conference ships if they break a loyalty agreement they have not even signed.

The letter threatened them with increased freight rates on conference ships if they used Jebsens again.

The Japanese trading houses have a loyalty agreement with the cartel.

But New Zealand importers, though they pay the freight bill, have not even seen this agreement much less signed it.

When Jebsens entered the trade, some importers bought on an FOB basis and nominated Jebsens as their carrier.

One importer estimated his savings at about \$200,000 a year.

Importers using the first Jebsens ship said they anticipated substantial savings through buying from Japan on an FOB basis and shipping non-conference.

This country's exporters are losing the battle in world trade to their Australian competitors.

The cartels increased Australian freight rates to Britain and Europe by only 2 per cent while they increased rates for New Zealand

manufacturing exporters by 8 per cent basic which when currency adjustment factors and bunkerage are included comes to an increase of 17 per cent to Europe and 21 per cent to the United Kingdom.

ABC Containerline, which is being driven from the New Zealand trade by the Meat and Wool Boards, estimate they are saving Australia \$180 million a year by cutting freight rates by as much as 40 per cent.

higher than usual rates) every time the New Zealand company used conference ships in future.

the high costs and delays associated with container berths.

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ABC Containerline, which is being driven from the New Zealand trade by the Meat and Wool Boards, estimate they are saving Australia \$180 million a year by cutting freight rates by as much as 40 per cent.

Inside:
FAST law is on the move again. Colin James looks at the National Development Bill which will be rammed through the whole parliamentary process in only a few weeks — Page 2.

WHEN you are the biggest, it is difficult to out-perform the industry average as the New Zealand Co-operative Dairy Company's 4300 disgruntled suppliers are discovering — John Draper — Page 17.

AS officials on both sides of the Tasman prepare briefs for their Governments on closer trade ties, evidence has come of a more receptive attitude to change among manufacturers. Colin James — Pages 20, 21 and 22.

THE roots of conflict for control of the Allied Press newspaper group go back much further than the current takeover moves — Pages 30 and 31.

GOVERNMENT-appointed Export Year adviser plays down the failure to gain a commitment from the trade union movement to give priority to exports. Why — Page 36.

Iran offers farmers a tonic

by John Draper

ALLAH be praised!

A \$100 million a year contract for lamb finally agreed to by Ayatollah Khomeini's Islamic Republic is the tonic the New Zealand meat industry needed.

But the real significance of the 200,000 tonne four-year deal signed by the Meat Producers Board in Iran last week is the impact on the sluggish British market.

The Smithfield price has been depressing reading for trade and farmers all year.

Despite large stocks and low prices, New Zealand lamb has not been selling, defying the normal rules of supply and demand.

The four-year Iranian contract is certain to be a psychological boost sending prices up as butchers realise frozen lamb might be in comparatively short supply.

And in December there is a real prospect.

Iran wants the first delivery of this season's 46,000 tonne order in December.

The demand on top of a later-than-usual start to the season will mean less lamb for Britain before Christmas.

Eager shippers are already trying for the trade which will keep one vessel busy for a few months each year.

The Iranian contract has been a tantalising prospect for most of the year.

Two Iranian delegations inspected meatworks before finally being satisfied that

lamb would be killed in an approved manner, and a New Zealand delegation went to Tehran three times before agreement was reached.

Up to 30 Muslim slaughtermen will be needed to perform the Islamic rites or the 18 sheikhs willing to kill for the contract.

At least six slaughtermen will come from Iran, to be employed by the Meat Producers Board, as a condition of the four-year contract.

So far the Meatworkers Union has indicated that it has no objections to the Muslims being employed, so long as they are union members.

Iran will also appoint a religious representative, expected to be Hojital Mahdavi, to see that contract conditions are fulfilled.

In finally securing the contract, the Meat Board had to concede an annual price, a condition the meat exporters in the delegation reluctantly accepted.

But in return the board got a price "substantially above" the British level.

Agreement has also been reached on unloading arrangements at the port of Khorramshahr in the Persian Gulf.

Industrial disputes and a slow unloading rate in the past have forced shippers to pay high demurrage rates.

But the sun is not shining in a completely cloudless sky for sheep farmers. Lambing has been good.

Plenty of autumn feed made sure ewes were in good con-

dition at tupping time and lambing weather has not been too unkind except in one or two areas.

The result should be an extra 20,000 tonnes of lamb coming out of the freezing works this season. There the good news ends.

Processing costs are likely to rise by at least a \$1 a lamb and probably more, and unless there is a spectacular rise in British prices, the freezing companies' schedules will not open much above minimum prices.

Normally the first schedule of the season is announced at the Hawke's Bay Spring Show this week. But industry sources were predicting last week that the announcement would be delayed until "the last minute".

Even so, higher production and firmer prices, though no one is really expecting them to stay down for long, will mean more money in the farmers' pockets, and more export dollars.

Now another good season hangs on one factor — the successful conclusion of award talks between the freezing companies and the meat workers.

Another peaceful season like the last will inject a powerful dose of confidence into the farming industry.

Iraq has already signed a contract for 10,000 tonnes of lamb during the forthcoming season and with around 200,000 tonnes going to Britain there is unlikely to be much unsold surplus in store by next Easter.

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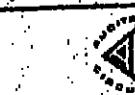
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The state shall be mightier than the sward

by Colin James

FAST law is on the move again. The Government's immensely important National Development Bill will be rammed through the whole parliamentary process in only a few weeks.

One can understand the Government's impatience. It has been working on the bill for months and has nothing left to discuss.

But this is a bill of far-reaching significance — perhaps the central bill of the session — and the rest of us have only just seen it.

It raises important questions of principle which deserve to be settled by rational and careful debate — and that is unlikely against arbitrary sessions deadlines of a poorly managed Parliament.

The bill's general intent in the National Party backbenchers' desire to cut through bureaucratic red tape in the interests of economic development. The equation in the minds of its original co-architects, Doug Kidd and Ian

McLean was: Bureaucratic over-regulation equals stifled initiative.

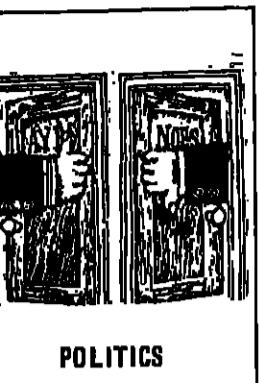
In the hands of Energy Undersecretary Barry Brill (NBR, page 2, August 15), Regional Development Minister Warren Cooper and others, however, it has taken on frenetic overtones.

The Government — to put the matter at its crudest — needs concrete evidence of prosperity round the corner by 1981 if it is to stay in power.

Kidd and McLean had a point. Planning procedures are cumbersome, complicated, confusing, convoluted and costly. Pruning this lawyer's money-tree (Kidd specialised in planning law) is an attractive ambition.

But instead of a carefully thought-out comprehensive measure, we have one dealing with projects of "national importance" only and proposing drastic innovations.

In effect, the Government will be able to usurp the functions of the existing tribunals at various levels for any



POLITICS

In the meantime you would be stuck with the mess and the stink.

I share the Government's belief that important economic decisions should not be made by a bunch of faceless, unaccountable political appointees.

But I also believe that powers given to the Government under legislation should be limited to the case in point. The public should be able to test in the courts (as it has successfully done several times in past years) whether a Government action is sanctioned by legislation.

Under this bill it could not. All recourse to the courts from the minister's decision is prohibited. The existing, politically unusable, overriding power in the Town and Country Planning Act is being institutionalised, widened and made usable.

What is so wrong with voting against the Government at the next election and hope the new Government would change the decision (Governments usually don't).

Parliament is probably not the correct forum for the detailed environmental and planning arguments that are properly the Planning Tribunal's business.

It is clearly dead keen big here — and, judging by the list of candidate projects, would use the electricity if capital-intensive industry.

Do the industrialists in the Cabinet eventually intend to use the National Development Bill to help those industrialists get their share? From its words, it is at least arguable that they do — and they will be able to argue its case in the open.

Since the Government insists that only a dozen projects are anticipated over the next few years, it need not take up too much parliamentary time.

Secrecy is at the heart of much concern about the bill. Critics point to the time it took opponents of the Whangarei PVC plant and the Clutha power project to gather evidence and even to find out what the Government intended.

It is arguable also that New Zealanders would welcome such development.

But there is no conclusive evidence that they would prefer it to labour-intensive development that would give them jobs during the time instead of during the wait hoped-for spinoff.

The only way such a consensus could develop would through debate.

The Government is correct to argue that plastic procedures are not the plan for such a debate, as they have been at times in the past.

But the thinking behind the bill suggests the Government is too strapped for time to foster a debate in more appropriate forums. Parliament, commission of inquiry, the Planning Council, interest group discussions, public affairs media.

So we get a stodgehame measure of the like of the Economic Stabilisation Act's first Labour Government recipe for omnipotence.

That act has not worked under National Government drawn from a party originally opposed to it, but have progressively widened its application.

A few years ago a consensus was found on a Government-knows-best plan for nuclear development. Lengthy rational debate led to its shelving.

Sticking up a nuclear station under the National Development Bill would have left insufficient time or room for rational debate. The only recourse available to dissenters would have been dynamite.

Political brakes do not always work, despite Bill Brill's assertions.

Let us agree we need speed on energy development and trust the Government to get it right. Let us be generous and agree, for the purposes of argument, that we want big foreign heavy industry.

But do we have to do it the way?

Perhaps not. National backbenchers are in the mood of one of them last year "relaxed" about the bill indicating they may feel changes during committee hearings.

But if not, it will be an irony that the National backbenchers who have fought with determination to trim the powers of the state might well have handed the state most of its mightiest weapons yet.

This session would then remember not for the boldness of the fiscal regulation, assorted minor liberalities, but for the Remuneration Act, Commerce Amendment Bill, draconian price control powers and the National Development Bill.

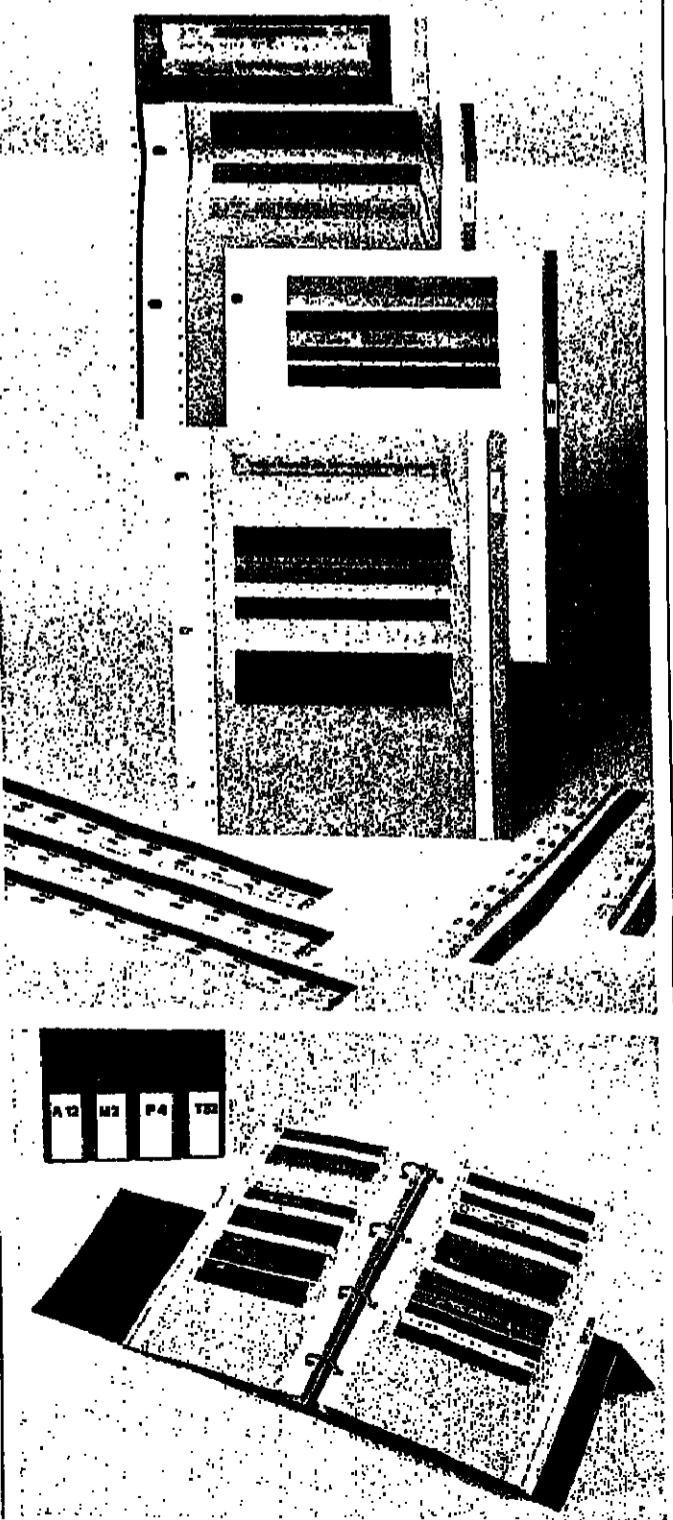
The second is the increasingly embarrassing Government — known best Clutha power project, which will produce huge quantities of electricity we may not want before the mid-1980s, but will have to pay for all the same.

The third is the sniffing around by German heavy industrialists for cheap power.

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Jobless index: pressure for accurate data

by Mary Varnham

HOW many people in New Zealand are unemployed?

Ask that question now and you'll get a selection of answers ranging from around 120,000 down to 40,000.

Take your pick — the truth is no one knows for sure.

But all this will change if mounting pressure on the Government to set up a full and continuing labour survey succeeds.

Such a survey, similar to the household surveys now undertaken in the United States, Canada and Australia, would be administered by the Statistics Department.

Full unemployment figures would be made public every quarter.

Insiders say the results could be as potentially explosive as the CPI, which measures inflation.

The limitations of official unemployment figures as they are now calculated are notorious.

Labour Department statistics for last month show 26,328 people out of work, with further 24,461 on special work programmes.

But the department would be the first to admit that the total of just over 50,000 is far from being the whole picture.

More important, it would provide information about skills available and the extent to which they were being utilised.

As a result, projects could be scheduled to fit in with manpower available and training programmes could be better geared to fill in shortages expected in different skills in the future.

Failure to do this has been a glaring weakness in the educational system. Thus we have a chronic over-supply of carpenters after an equally chronic under-supply several years ago as just one example.

In February this year, the newly-created Employment

Conference, a high-powered think tank of representatives from Labour, Treasury, Trade and Industry, the Prime Minister's Department, the FOL, CSU, Employers Federation, Manufacturers Federation, Federated Farmers and the Planning Council, recommended that the survey be mounted "as a matter of urgency".

The cry was echoed by the Industrial Relations Council in May.

Soon afterwards, the Departments of Labour and Statistics presented a joint submission to the Cabinet Economic Committee.

The decision — endorsement



in principle. The okay was given for a pilot survey only.

Commented a union member of the Employment Conference: "The Government has resisted the full labour survey for as long as it can but it's got to the point now where just about everybody agrees it's vital to the country's economic future. Without it, any reasonable planning and policy assessment is impossible."

This is not to say that the project will go ahead. Like the CPI, a quarterly figure of actual unemployment could become an unwelcome albatross and the Government is well aware of this.

Unlike the Labour Party, which made the survey a part of its election platform, National has managed to sidestep the issue until now.

That would mean a mid-1981 kick-off, with the first results due out late 1981 or early 1982.

Not will any results of the pilot survey be released. The pilot is not intended to gather information per se, but to test the survey's technical design.

In one aspect of this it will be a pioneer — for the first time in a public poll, data will be collected by telephone, rather than in face-to-face interviews.

Should New Zealanders prove responsive to this form of questioning, widely used overseas, it should bring down the costs a little.

But according to Employment Conference sources, the tab is still likely to be about \$500,000 a year.

But all sides agree it's a small price to pay for the huge gains in efficient use of manpower and resources which would result.

Now all they've got to do is convince the Government.

are specialised techniques requiring proper training and special equipment.

Financial help from a Mobil Environmental Grant will be used effectively to train more rescue and transfer teams, and to purchase suitable carrying cases and an incubator.

The Society is co-operating with the Wildlife Service to find suitable relocation habitats for the rescued kiwis.

At Orana Park, the new Christchurch open-plan wildlife reserve, rescued kiwis arrive sick from pest eradication poisons or wounded by dogs or traps.

They need special care and rehabilitation.

Orana Park Trust Board has development of a rehabilitation and breeding unit for kiwis well in hand. Its purpose: to nurse sick kiwis back to health, and to strengthen the species by fostering increased reproduction under ideal conditions.

A Mobil Environmental Grant will help the project proceed. And human kiwis will benefit too, by being able to see and appreciate their feathered namesakes in nocturnal viewing houses.

Meanwhile, the tireless Royal Forest and Bird Protection Society carries out a continuous refugee rescue programme for kiwis whose natural habitat is threatened by land development.

Capturing, handling and caring for endangered kiwis

Each year the Mobil Environmental Grants programme provides cash assistance to selected projects which aim to protect or enhance the New Zealand environment.

If you would like more information on Mobil's continuing environmental programme, please write to the Mobil Environmental Projects Public Affairs Department, P.O. Box 2497, Wellington.

Kiwi Preservation.

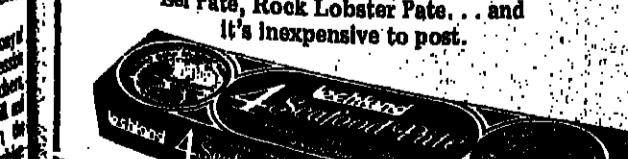
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EDITORIAL

THE test of private enterprise. Prime Minister Rob Muldoon asserted at the opening of L.D. Nathan's distribution complex at Wiri in April, is that it must work not just in its own interests, but also in the wider interests of the people. "The grouping of firms should ideally be both for the benefit of shareholders and the public."

But when a takeover bid threatens what the state perceives to be the interests of the public, it can make matters frustratingly complicated.

Under the Commerce Act, the Examiner of Trade Practices has a statutory duty to decide if a takeover is in the public interest. If not, he refers the matter to the Commerce Commission.

In August, the examiner (Mr E.A. Monaghan) made clear that—in his opinion—the takeover bid by L.D. Nathan for McKenzies might be against public interest. That made inevitable a Commerce Commission inquiry.

Last week, the examiner's attitude hardened. He publicly released a report which calls for a total prohibition of the proposed takeover.

The fundamental objection is that the Nathan proposal involves the elimination of competition.

Last week, L.D. Nathan announced it was lifting its dividend for the third year running after a 45 per cent profit increase for the year to July 31. As "The Dominion" noted: "The dividend increases and a record \$4,806,000 net profit should help to take shareholders' minds off the mounting difficulties confronting the company's takeover bid for retail chain McKenzies Ltd." The profit included 10 months trading from Woolworths NZ Ltd which Nathan took over last year.

In towns throughout New Zealand, of course, Woolworths and McKenzies stores compete side by side. If one were closed, the other would benefit and competition would be eliminated.

Nathan has made no secret that rationalisation is the key to its takeover bid and that it would want to shut down some stores. But there has been nothing to indicate what would happen to staff—and the Examiner of Trade Practices must consider the possibility of redundancies.

This isn't the first takeover bid to be given the thumbs down by the examiner. He has decided that previous takeover proposals were not in the public interest, but the prospect of Commerce Commission hearings apparently decided the bidders to withdraw.

But this is the first takeover bid to be heard by the commission. And it is one that has been highly contentious. The examiner has been subject to vigorous lobbying by, for example, the Clerical Workers Union and more especially the Shop Assistants Union.

There will be particular interest now in seeing how much influence the examiner's report has in determining the commission's decision. The lengthy preliminary hearing will begin on November 14.

The Commerce Act is aimed at promoting the interests of consumers and the efficient development of industry through the encouragement of competition. But while the examiner may approve takeovers without reference to any other authority, prohibiting them is a different matter—and a time-consuming one, Nathan is finding. Its takeover offer dates back some six months, and apparently it will be several more months before the outcome is known. The protracted procedures must have implications for Nathan's continued keenness to proceed with the deal.

Bob Edlin

A NEW convention has just been introduced into the procedure by which local authorities select their polyethylene refuse bags.

The "battle of the bags" has become something of a ritual among local bodies as rival refuse bag manufacturers seek the municipal contracts.

The new standard is NZS 7603:1979. It provides a specification for low density polyethylene sacks intended for use in both domestic and commercial rubbish collection.

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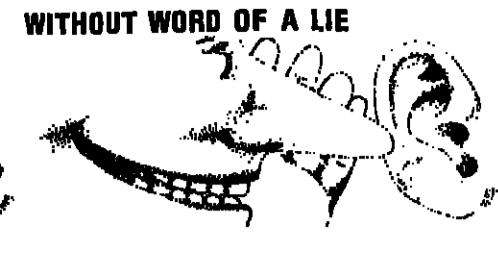
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Bob Edlin



The story goes that Lance had cancelled at the last minute when the FOL could no longer be restrained from calling a general strike.

Unknown to him the conference was postponed to, because the venue would have been strike bound.

Happily, both Minister and manufacturers got together two weeks later on October 1. And an NBR staffer is now reaching for the committee to cover his blusher when speculating on the reasons Lance had not fronted up to appear.

Officials in the prices stabilisation division at the Ministry of Economic Planning and Industry claim to be getting less complaints from angry consumers now than they were in force.

The Consumers Institute is also expected to take a keener interest in professional fees and other services next year.

Investigate cases of profiteering where prices are 20 per cent above the average or more.

And it is this power it is using against an increasing number of tradesmen who have upped prices by as much as 90 per cent since April.

The Consumers Institute is also expected to take a keener interest in professional fees and other services next year.

is a device shared with Australia. Canada designed a simple, unmistakable national emblem and embodied it in a highly identifiable flag.

Why can't we do the same? We can. If we can find a designer good enough to produce the outstanding Commonwealth Games symbol, we can find one to design a national flag.

The only problem from then on is to find enough people to agree on it.

But acting in concert evoked the charge that the insurance companies were operating a cartel.

Now each company will act separately in its negotiations with TAANZ to avoid the cartel label. What is not clear is whether they will act uniformly on the commission question or not.

It would be foolish for any one of the three companies to unilateralise around the issue of TAANZ—especially foolish for Comprehensive as this company deals exclusively in travel insurance and relies heavily on TAANZ support.

Travel insurance sold through TAANZ members earned these three companies a premium income of \$215,232 in the 1978-79 July year, \$1,400,336 in 1977-78 and \$2,484,230 in the 1978-79 year.

Agent's commissions went from \$215,232 in 1978-79 to \$821,331 this year. The TAANZ raked off went from \$16,144 in 1978-79 to \$81,800 this year.

Feelings among staff journalists on the change are mixed. Some fear a daily Sunday News or the Kiwi version of Murdoch's most successful paper, the five million a day, tit and burn London Sun.

A circulation gamble would seem to be one of the reasons favouring a tabloid.

The Dominion's daily circulation is stuck around the 60,000 mark, unmoved by the otherwise unsuccessful "name game" of recent months.

All of which leads to the question: which insurance company will go for a bigger market share by cutting rates to the public by cutting the individual agents and TAANZ out of their commissions?

WELLINGTON'S morning newspaper, The Dominion is again flirting with the tabloid format now favoured by most British dailies.

The on again off again relationship began a decade ago when the newspaper went tabloid for 18 months before trying to emulate the clean cut broadsheet format of The Australian.

To test the public's reaction, two day's issue of the paper will be recast in tabloid form and several hundred copies distributed to readers.

If favourable and subject to a two thirds majority in the boardroom, the paper is likely to appear in its new format early next year.

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domestic airfares are now higher than the once notorious domestic Australian airfares.

Since October 1978—NAC put up fares around that time—the Sydney-Melbourne fare has risen by only 84 per cent.

But the Auckland-Wellington fare has leapt by 84 per cent from 6.3 cents a kilometre, slightly cheaper than the Australian fare, to 11.6 cents, more than a cent a kilometre above.

Air New Zealand's experience with fare discounting on domestic routes recently has not been entirely happy.

Since July travellers have been able to get a 30 per cent discount by carefully planning journeys and booking at least two weeks in advance.

Around 45,000 people have already done so, sufficient for the scheme to be extended by a month to mid November.

A guesstimate made by booking staff suggests that up to a third were new business—people who would otherwise have gone by road or not bothered—while a proportion of the rest were people switching from peak hour flights to get the discount.

But some local authorities, which are still wary of the bag system in all its forms whether fibre or plastic, such as the Wellington City Council, might have preferred to see the bags undergo a cat and dog maul resistance test.

The vulnerability of bags to attack by domestic animals remains the main reason behind the retention of the old fashioned dustbin.

"OUR fares are not too steep," screams the headline on "Travelling Times", Air New Zealand's free giveaway magazine delivered to most households.

With flak flying from all directions for putting up domestic airfares twice within a few months, the airline is using most of the magazine front page to defend itself. And on the face of it they seem to have a point.

The Auckland-Wellington fare at 11.6 cents a kilometre compares favourably with Hamburg-Munich, 23 cents, London-Hamburg 20 cents, Sydney-Melbourne 10.4 cents and San Francisco-Eugene nine cents.

Even allowing for the fare discounts most European passengers get, Air New Zealand's domestic services still look a reasonable buy.

British Airways passengers, who can easily get a 40 per cent discount on return flights to Zurich without fulfilling any awkward conditions, are still paying 11.5 cents a kilometre.

And anyone in London who wants a weekend in Amsterdam can get there and back for \$105, 14.5 cents a kilometre.

Normal economy fares, for those foolish enough to pay them, are of course much higher.

Air New Zealand points out in "Travelling Times" that domestic airfares over the last 7½ years—itself a curious time span—have failed to keep pace with consumer price index.

But the real significance is that Air New Zealand's

Editor: Bob Edlin. Editorial: Ralph Green (Production Editor), Ross Mazzengarb, Colin James, Belinda Gillespie, John Draper. Advertising Manager: Paul A. C. S. Loh, (P.O. Box 6044, Telephone 736-476, 859-019, Wellington).

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MIKE WOODHAMS



Ethanol crying out for Government guarantee

THE half-hearted attitude from governments throughout the world to the introduction of large plants to produce liquid fuels from crops is clearly in the minds of OPEC economists as they continue to pitch their oil prices just below the increasing costs of alternative fuels.

Only governments with the will to adjust tax policies to make alcohol fuels com-

petitive with petrol could ever create the opportunity to smash the OPEC economic and supply stranglehold. But most continue to pay and pray.

Despite the signs that New Zealand interests are ready to spend money on ethanol schemes, Government guarantees are still not forthcoming, and observers fear future schemes falling apart.

The recently announced consortium of the Shell Holding Company, Canterbury Sugar Development Society and Daigety New Zealand to undertake a feasibility study for a multi-million dollar plant in Canterbury is crying out for Government commitments.

The issues centre on pricing, the role of the Maul gas-based competitor M 15 (Methanol-petrol blend), and the ethanol scheme also demands

Government attitude to an initial subsidy.

A guaranteed price is crucial if the agro-industrial venture is to succeed.

A subsidy could be phased out as OPEC price increases make ethanol plants competitive.

The threat of widespread use of M 15 blends priced low enough to crush a fledgling ethanol scheme also demands

local taxation. The New Zealand experience in fermentation plants is well known. (eg. brewing; winemaking; sewage treatment).

The recent report from the New Zealand Energy Research and Development Committee on 'The Potential of Energy Farming for Transport Fuels in New Zealand' says "... energy farming could provide substantial amounts of transport fuels from renewable sources of energy. It is technically possible to provide all road transport fuel which present projections say New Zealand will require in the year 2000..."

"It appears also that the 1977 production cost of readily usable transport fuel may not be significantly above the 1978 cost of imported gasoline."

The current move towards a commercial and technical feasibility study of an ethanol plant is important for the way a multinational company is prepared to do business with 300 farmer members of a Sugar Development Society.

It is the first announced move to bring farmers and technologists together to develop an agro-industrial system which can be 'on tap' for as long as the sun shines.

Environment agency stays silent

by Belinda Gillespie
 THE Commission for the Environment has maintained a discreet silence about its new role under the National Development Bill.

Some commission staff have expressed mixed feelings, and are deciding whether to make submissions to the Select Committee which is to consider the Bill.

On the one hand the Bill gives the commission for the first time some statutory clout.

On the other, there is a fear that the full implications of the new law are insufficiently understood.

But Commissioner for the Environment Ian Baumgart — one of the officials consulted by caucus on the formulation of the Bill has few reservations.

Pointing out that the Bill may yet be changed, Baumgart said that as it stands it won't make much difference to the commission's present situation in regard to projects of national importance.

Baumgart said that under the proposed law, any proposer wanting the provisions of the Act to be applied to a project would "work up" an environmental impact report at the same time as he was developing the plans and other material which he will have to supply to the Minister of National Development for consideration of the work as one of national importance.

The Governor-General, on the Minister's advice, by Order-in-Council which in the words of the Act "shall not be challenged or called in question in any court" will apply the provisions of the Act to the work.

The Governor-General, by another Order-in-Council, will make a declaration on the advice of the Minister, authorising the work to proceed and imposing any restrictions and conditions thought necessary.

The Minister then refers the application to the Planning Tribunal for an inquiry, report and recommendation.

The Commissioner for the Environment has standing under the Act to present in-

"As soon as practicable" after making his application, the proposer will have to forward both to the commissioner and to the Planning Tribunal his environmental impact report on the project.

Government has generally called for an environmental impact report in the past (a significant exception was the ammonia-urea plant at Kapuni) but it has not been mandatory. It will be under the new Act.

When the commissioner receives the report, it will go through the same auditing procedures as it does at present.

But the commission will have the advantage of a three-month audit period, considered more realistic than the present two months.

There has been some flexibility in the two-month deadline. But the new three-month deadline will be mandatory.

The commissioner must notify the public as soon as he has received the report, make it available for inspection, and call for any submissions to be made within six weeks.

When he presents the audit to the Planning Tribunal, the commissioner again must give public notice of the fact, and open the audit for inspection.

The final decision on whether the work is to be declared of national importance is made by the Minister of National Development, after considering the tribunal's recommendation.

The Governor-General, by another Order-in-Council, will make a declaration on the advice of the Minister, authorising the work to proceed and imposing any restrictions and conditions thought necessary.

Baumgart says that in some ways the commission's work will be easier, as it now knows exactly where it stands.

The Commissioner for the Environment has standing under the Act to present in-

dependent evidence to the tribunal.

Baumgart pointed out that previously, it was a "grace and favour" situation — though the commissioner was generally required to put his case, he had no legal right.

Baumgart emphasised that the Government under the present law can use procedures to enable it to make overriding decisions. But the new provisions for consideration of all matters by the tribunal, he thinks, will mean greater evaluation and the "concentration of all issues in one wide-open procedure".

The Bill has powers to override the provisions of 28 other Acts.

The significant ones are the Water and Soil, and the Town and Country Planning Acts.

"But in any case, the tribunal is one of the present Town and Country Planning Review tribunals," Baumgart said.

"The Government has been careful to use one of the three presently set up for dealing with appeals — not to set up a special tribunal which could be accused of being appointed to carry out the Government's wishes."

Although the Bill provides for a fourth tribunal to be set up, this will be to deal with the extra workload, and the tribunal used could be any one of the four.

Town and country planning decisions are nearly always taken to one of the tribunals as things stand at present.

Will the extra work strain

the resources of the commission, perhaps causing it to reduce the time spent at present on educational and innovative work?

Baumgart says that in some ways the commission's work will be easier, as it now knows exactly where it stands.

The Commissioner for the Environment has standing under the Act to present in-

Anticipating a heavier

programme of projects to consider in the near future, Baumgart admitted that there would be a greater workload. But no consideration had yet been given to expanding staff or resources.

He hopes that the extra activity will not affect the commission's other activities.

Decisions on whether projects will go on the "fast track" will be made openly at all stages, Baumgart claims.

"The audit will be public, the input to the tribunal wide, and the Act represents a good reconciliation between the needs for speed and for the public to have the opportunity to comment."

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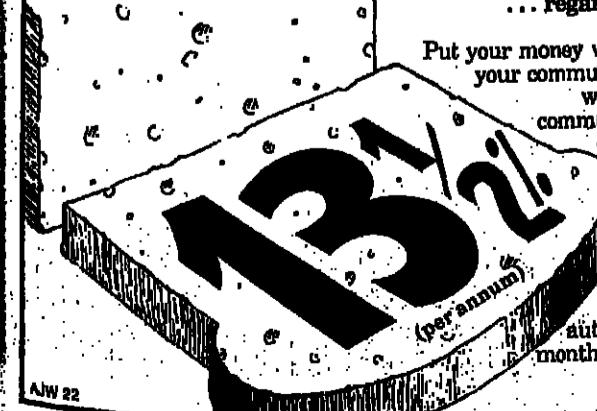
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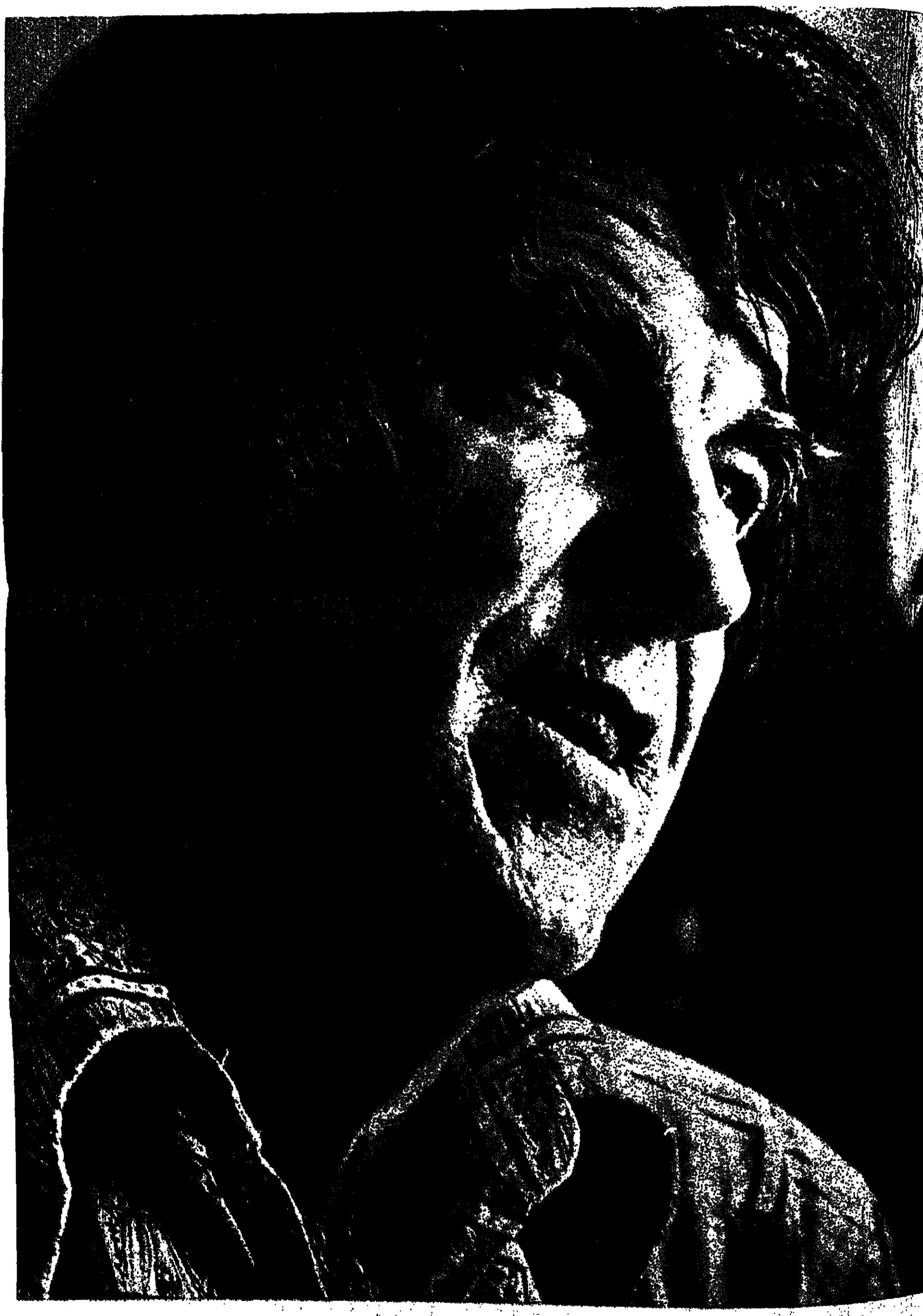
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AJW R2

"It's more impressive to fail on a difficult objective than to succeed on a modest one."



American Express, in conversation with Cardmember Sir Edmund Hillary.



Sir Edmund ("call me Ed") Hillary: Mountaineer, Adventurer, Explorer, Author, Businessman, Nepalese Bridge Builder, Chairman of the Himalayan Trust. Attended Auckland Grammar where, despite the motto (*Per Angusta ad Angusta — Through Narrow Paths to the Heights*) he remained uninspired. Eventually discovered mountains, conquering the biggest of them all in '53. Became the youngest Knight of the century. Other remarkable achievements include driving a convoy of farm tractors to the South Pole.

A.E: I read the other day where someone said that if you are going to dream of impossible things you might just as well dream of big impossible things.

E.H: I agree actually. A challenge you're confident of overcoming is hardly worth starting. Why bother if you are quite confident that you are going to overcome it? The real challenges are ones that extend you to the utmost. Where there is always doubt as to whether or not you are going to be successful. Then, when you succeed, if you do succeed, you have a great sense of achievement. It's more impressive to fail on a difficult objective than to succeed on a modest one.

A.E: Have you always had a clear picture of your goals?

E.H: No, I don't think I did. People said "When did you first really get your great ambition to climb Mt. Everest?" Well, I didn't get my great ambition to climb Mt. Everest until a year or two beforehand. I'd been climbing for many years before I even thought of the prospect of going to Mt. Everest.

A.E: You didn't tell your mother in 1939 that you were going to climb Mt. Everest?

E.H: No, no. You know, there was old Frank Smyth who was one of the great mountaineers and wrote lots of books. He wrote in one of his books that when

he was a young child his parents took him across France. His mother was holding him in her arms, suddenly on the horizon, he saw a great white mass of mountain peaks whereupon he duly rose up and pointed in the direction of these peaks said "go gaga goo goo". Which meant (supposedly), "I'm going to become a famous mountaineer". Well, that's really a lot of rubbish. People tend to try to give you ideas and a future far before you ever had these firm convictions.

A.E: At what age did you realise you were going to become famous?

E.H: It wasn't until I actually climbed Everest that it suddenly dawned on me that I was going to be in the uncomfortable position of being famous. Before Everest, even on the mountain, I had never really even thought about it. We were much more innocent in those days. Nowadays, the modern athlete is aware that if he is very successful there can be economic, substantial economic benefits, from what he does.

A.E: If Ed Hillary had climbed Everest in the '70's, the 33-year-old Sir Edmund Hillary would have been a very marketable item indeed. Are you glad or sad that you escaped that kind of marketeering?

E.H: Very glad. I have a little bit to do with it anyway, but I have been able to keep it to what I regard as a reasonable minimum. There are advantages of course, as far as the fame business is concerned in raising funds for projects. In things of this nature, it certainly has been very beneficial. But I don't envy the great athlete of today who gets involved in the tremendous commercial rat race.

A.E: Did Neil Armstrong's giant step, I wonder, create as much excitement for people as Ed Hillary's? I remember looking at the moon and thinking, "Hey, there's somebody up there", and the people around me were walking along looking down at the pavement.

E.H: There's a tremendous difference in the challenges and adventure of today. It's not only the achievement of the individual but the thrill of those back in Houston pushing all the buttons. I think it was probably more fun in our day in that you were the one who had to make the decisions . . . you weren't just a part of a very highly qualified technology which was thrusting you almost into position.

A.E: Decision-making is obviously a characteristic of a mountaineer . . .

E.H: I think that most people can learn to become decision-makers. I certainly was never anything like a born leader but I found that over the years there were certain techniques that one could follow which enabled one to handle groups of people who could easily be far more efficient and far more intelligent perhaps than oneself. The thing I always found was doing your homework. Before you went to bed each night, you just went through in your mind what was going to happen next day and briefly thought out what problems you might meet and what you would do if those problems did occur. Now, that meant that if something did happen you had thought the matter over and you were in a position to give a competent decision immediately.

A.E: How long have you had the Card?

E.H: For five or six years, and find it most useful for identification. For example, in American hotels where they often ask you for identification before you even check in, I've found the American Express Card is particularly valuable. It really does give you formal identification. It does have a definite status; there's no question of that.

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Many subscribers think that we have a dozen or more researchers working on the Letter.

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I write and research virtually all of it. And prepare the advertising. And organise our overseas expansion. And supervise our staff. And do the 1001 jobs required of a business manager.

Yet — I still have time to take on management consultancy assignments and work 15-20 hours a week on charity and civic responsibilities.

And spend more time with my family than practically any other person I know. But it wasn't always like this. I used to be run off my feet, like so many business people I know.

But now, while others work 4 to 5 nights a week, it's rare for me to work after 6 p.m.

What's the secret?
I've learnt about practical Time Management. Actually, secret's the wrong word. These ideas are public property. Available to anyone.

But you've got to know how to find out about them. One way is by subscribing to my Newsletter. Because with your first copy you'll receive my special business report "69 Practical Ideas on Time Management". It's a real time saver. A money saver. In fact, I think this four page report could do more for Australian business and business people than anything else I've ever written.

For instance — Did you know that, if you're average, the work that now takes you eight hours could be done in *three!* In other words — the work of a 40 hour week could be done in just *15 hours!* That's a week's work in less than two working days! Yes — the time savings can be that dramatic!



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It shows you how to deal with time-wasting problems caused by your staff. By salesmen. By friends. And most of all by yourself. It helps you honestly analyse how much time you waste each day. And shows you what you can do about it. *But that's not all.* New subscribers also receive a second important report called "How to save another hour a day". This second report does not duplicate the first in any way. But if you're the average business person, even after the first report has saved you several hours a day, the second report could save yet another hour!

Spending more time on a job doesn't mean you do it better.

Using the Time Management principles outlined in my report, I've achieved significant improvements with every one of the problems that face most business people.

I now have a lot more job satisfaction because I'm actually doing what I set out to do.

I achieve a lot more each day but don't feel I've worked any harder. In fact, when I arrive home I'm far more relaxed now that I'm properly organised.

Ten minutes now could save you hours, days, weeks!

"But" — I can hear you say — "I haven't got enough time now. How can I find the time to read your 'Practical Ideas'?" Well — if you're that busy — you're exactly the person who needs to read it most! And it only takes you around ten minutes to read this report. You see, I believe in applying the principles of Time Management to my publications — as well as my

How many of these problems do you face?

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- Do you often reach the end of the day feeling you have achieved nothing?
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- Is the telephone a curse?
- Do you have a backlog of work you never seem to clear?
- Are you sometimes unable to choose between two alternatives?
- Does answering mail take too much of your time?
- Do you attend meetings where you let at least half your time was wasted?
- Do you put off till tomorrow things that should be done yesterday?
- Are you unable to do all the necessary reading for your job?
- Are you never able to work for more than 15 minutes without interruption?
- Are you continually having to handle minor emergencies which prevent you from doing your main duties properly?
- Do you have difficulty with people not leaving your office even though the discussion has ended?
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- After speaking to someone, do you sometimes remember that there was something else you had to talk to him about?

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BANZ initiators adopt a wait-and-see attitude

by Bob Edlin

PRIVATE enterprise — which is now adopting a wait-and-see attitude to the BANZ joint-venture in Bahrain — initiated the project.

The port coolstore was officially opened last week, while Prime Minister Rob Muldoon was in Bahrain.

The Bahrain Government invited New Zealand's participation in the project after a company called Arabeo Traders had made the initial contact.

Bahrain businessmen have made clear that if it had not been for Arabeo, there would be no BANZ — and probably no New Zealand representatives in Bahrain.

Except for Amalgamated, Arabeo were the only New Zealanders here," said one Bahraini.

After Arabeo's withdrawal from the initial dealings, the head of the Prime Minister's Department, Bernie Galvin, "think tank" man Jack McFaul, and the Export-Import Corporation consolidated New Zealand's involvement in the enterprise.

Arabeo Traders' managing director Peter Bromley is an ex-FAO man with good contacts in Arabia.

The company was later split. Arabeo Traders was subsumed within Allied Farmers.

Arabeo Ltd became a construction business.

Arabeo Ltd got the contract on a 50-50 basis to build the complex for BANZ with McConnell Dowell.

Arabeo built the cool store and McConnell Dowell the civic works.

Arabeo Ltd chairman Doug Hazard said the firm was not interested in trading, (only in construction). It was therefore, not interested in an equity interest in BANZ.

Hazard is also chairman of Allied Farmers, which owns Arabeo Traders.

Hazard said Allied Farmers might be interested in an equity interest in BANZ. But there was no rush.

It was better, he said, to get the BANZ project up and running before offering the shares to private companies.

"I think it's logical for private companies to tie-in till the project gets going," he said.

"Basically it's a trading facility that anyone can use therefore it is not important that one have an equity stake in it."

Arabeo Traders originally had been concerned with fisheries, but later became involved in some trading activity through a company called AA Supermarkets.

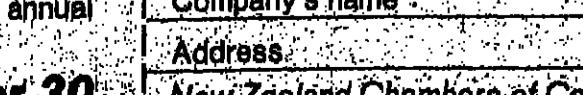
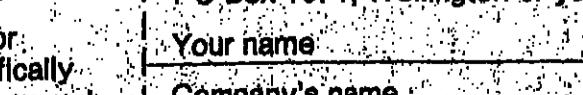
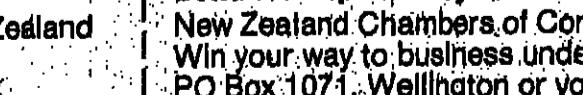
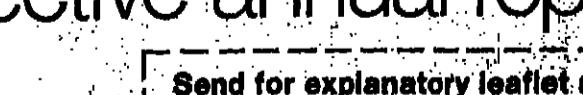
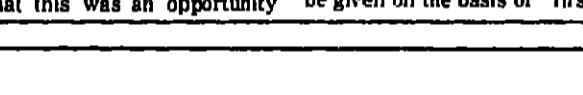
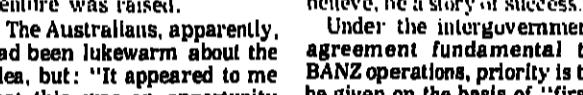
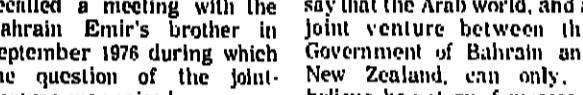
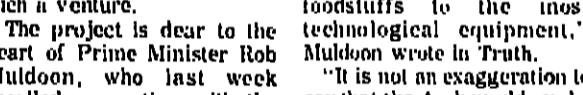
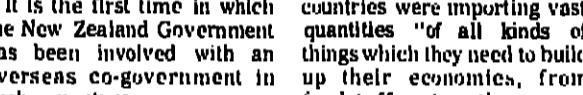
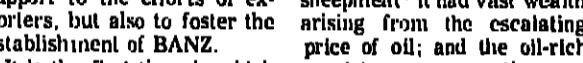
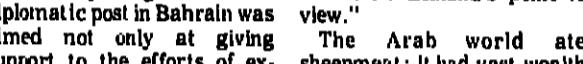
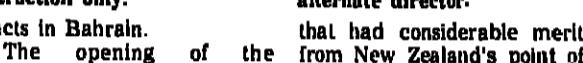
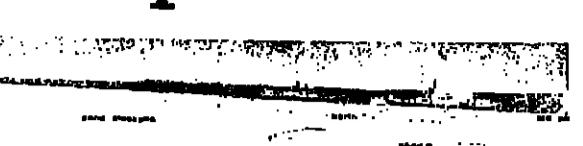
It became involved in dealings with the Minister of Development, Yusof Shirawi. Initially, the idea seems to have been for Arabeo and the New Zealand Government to have separate shareholdings in BANZ along with a Bahraini shareholding.

Arabeo acted as consultant in the formative stages of fixing design parameters for the complex.

It withdrew from that involvement when the New Zealand Government suggested Export-Import Corporation involvement.

The dealings continued between the governments, and Muldoon signed an agreement for the project in April 1977.

The New Zealand consulate was opened in Bahrain early last year, with Richard Woods as Consul-General. He is an alternate for both New Zealand's directors — McFaul and the Export-Import Corporation's Bill Revell — and represents New Zealand's interests in day-to-day con-



available berth" to vessels carrying cargo consigned to BANZ.

BANZ has been designated a "free zone" facility by the Bahrain port authority, and will hold goods in bond for distribution and transhipment.

The object is to promote regional and inter-regional trade.

They had to foresee requirements that far ahead, and take delivery of big quantities each time.

BANZ provides a sales and distribution centre for the whole Gulf area, warehousing and delivering consignments by the best method, and speeding customs and port formalities.

Bahrain Government investment is involved in the three Bahraini partners, which should ensure it has no problems.

The Bahrain Royal Family, too, has investments.

The project originally was proclaimed as a \$20 million venture. It was later scaled down.

It was conceived at a time when the Gulf states were enjoying an economic boom.

At the time BANZ was set up, Bahrain was not seen as a great market in itself but as the gateway to a number of potentially big markets on the mainland.

The Arab world ate sheep meat. It had vast wealth arising from the escalating price of oil; and the oil-rich countries were importing vast quantities of all kinds of things which they need to build up their economies, from foodstuffs to the most technological equipment," Muldoon wrote in Truth.

"It is not an exaggeration to say that the Arab world, and a joint venture between the Government of Bahrain and New Zealand, can only, I believe, be a story of success."

The Australians, apparently, had been lukewarm about the idea, but: "It appeared to me that this was an opportunity

The BANZ facility is considered supplementary to existing channels of trade, and should not replace them.

Traders previously faced the problem of delays in the placement of orders, and opening letters of credit, on one hand, and delivery to importers on the other, and could face delays up to three months.

They had to foresee requirements that far ahead, and take delivery of big quantities each time.

BANZ provides a sales and distribution centre for the whole Gulf area, warehousing and delivering consignments by the best method, and speeding customs and port formalities.

An important role will be in marshalling and storing perishable foodstuffs, manufactured goods, timber and general cargo from New Zealand and other countries for regional re-export.

Exporters can sell from stock on the spot, which means they can offer customers in Bahrain rapid delivery with a minimum of paper work.

A minimum of funds will be tied up for the importer, who need only contact BANZ to place his orders.

BANZ began trading in a small way in May.

But the coolstore, which is expected to be the main attraction for meat and dairy exporters, was not finished till late September.

The dry goods store should be finished soon.

And in the longer term, 12 warehouses and coolstores will be built on the BANZ site.

In its first year, the complex is expected to handle up to 40,000 tonnes of goods, rising to 65,000 tonnes in five years.

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NBR BUSINESS WEEK

Agriculture report: some ups and some downs

by Peter V O'Brien

THE Ministry of Agriculture has good and bad news for farmers in its recently published annual Current Agricultural Situation Report.

The ministry's economics division says that sheep and beef farmers' net incomes in 1979-80 are forecast to rise by 7 per cent over the previous year, but dairy farm net incomes are expected to decline by 12 per cent. Total farm income in 1979-80 is a forecast to remain at about last year's level.

"There is a general mood of confidence in the industry and sheep and beef farmers are catching up on deferred maintenance and undertaking development projects under the Government's schemes.

"However, there are signs that fertiliser usage could be well down this year. Advances to farmers from financial institutions are increasing substantially and there could be some stress on liquidity at tax time next March."

The last comment relates to the final payment of tax due in March, and follows the

statement that farm income across the total industry rose by 38 per cent over 1978-79. The change means that farmers will have higher tax payments this year, when the tax is based on the previous year's incomes.

Several developments have occurred since the report was written. They include a strong rise in wool prices, in line with the general movement in all commodity prices, lead by the spurt in precious metals, and higher demand for the product.

The announcement last week

that New Zealand has finalised a deal to sell lamb to Iran (about one seventh of the total export production) may boost that section of the industry.

In regard to wool prices, the report says:

"Wool prices are expected to remain buoyant and improve during the first half of the 1979-80 season, but a steep decline in prices is anticipated early in 1980 as higher oil prices, international inflation, weakening economic activity, reduced rates of economic growth and reduced consumer incomes take effect in the

main wool consuming countries."

The ministry says against this, will be the effects of the recent devaluation of the New Zealand dollar and the new exchange rate policy announced in the 1978 Budget. It forecasts an average wool auction price of 250 cents a kilo in 1979-80, or 14 per cent higher than the average last season.

Referring to the outlook for lamb (again written before last week's announcement), the ministry says shipments of lamb to the United Kingdom are expected to be lower than 1978-79 "due to improved prospects for lamb sales to the Middle East and North America". Sales to the former region certainly "improved" after the Iran deal. Prospects for lamb are better than appeared to be the case when the argument over the EEC sheepmeat regime gained heat.

The report carries a mild warning about prospects for kiwifruit. "There are some problems to be overcome in the industry, the greatest of these being a need for strict quality control of export fruit.

"Also, with the rapid increase in production in New Zealand, and the beginnings of production in some overseas countries, an adjustment to selling kiwifruit in greater volume must be made. There has been some resistance to high prices this season by importers.

"This is due to the comparatively lower prices of other types of soft fruits on the markets, in some cases kiwifruit of a lower quality than is usual, and a large amount of fruit on the market in May (due to the lack of cool storage facilities in New Zealand)."

The ministry considers the

price may not reach last season's \$4.80 a tray for export farmgate price, and "at this stage it seems unlikely to reach \$8 a tray which we forecast for this season."

Total exports of kiwifruit are expected to reach \$3.8 million trays, compared with 11 million trays last year. Total production for the 1979-80 season is estimated at 17,000 tonnes, of which about 13,000 tonnes are exported.

The 1980 crop is expected to be much greater than the current year. The outlook for pigs is better. There are "good prospects" for pear and apple varieties on export markets. The report says the European apple crop in 1979 is estimated at 6.4 million tonnes compared with a record 6.925 million tonnes.

The price rise for fertiliser might cut sales about 25 per cent in the same month in 1980 following a 37 per cent decrease in August. The argument over the EEC sheepmeat regime gained heat.

The effects of higher wine volume in the area of wages and salaries, for example, is shown in the following passage from the chairman's review:

"The warehouse has efficiently handled these pressures (fluctuating demand) and maintained controllable costs at a

result of the price increase.

Reports last week indicate that fertiliser application this year is well below the level reached in 1978, creating a rather paradoxical situation where lower fertiliser applications are resulting in fuel savings as the topless aircraft either stay on the ground or have reduced their flight times.

The changed policy of

fertiliser appears a practical application of the theory that subsidies, grants etc should be related to production output rather than the cost of input.

That philosophy is also seen in minimum price support schemes, as opposed to EEC subsidies, although the latter exist in various forms.

The ministry considers the

removal of \$450,000 in cash deposits, and the introduction of \$800,000 as a secured short-term advance offset those repayments (and an increase in fixed asset investment) leading to the working capital alteration. There is still a solid surplus of current assets over current liabilities.

A small movement from \$5.6 million to \$9.9 million in stocks probably reflects growing demand for the company's products, as does a rise of 30 per cent in debtors.

At balance date stock was 26 per cent of total assets, compared with 27.6 per cent in

the previous year, and the value of "bottled" (as opposed to "matured") wine on hand was static, in spite of rising costs.

A substantial profit improvement, plus other financial adjustments, left the company with a proprietorship ratio (shareholders funds to total assets) of 62.1 per cent, as against 57.3 per cent in 1978. That is a strong and comfortable relationship, which should improve as the group produces, and sells, more wine from its well-developed vineyards and plant.

Fixed assets now account for 62 per cent of the total balance sheet, compared with 60 per cent in the previous year.

Montana's ability to fund its ongoing activities when it pays tax is seen in the cash flow analysis. Excluding extraordinary items, cash flow was 17.2 percent of total assets (which are realistically valued).

The figure was 12.4 per cent in 1978. A tax liability will eat into

satisfactory level. For example, the total warehouse staff level is the same as three years ago when the company was selling less than half the volume of wine" (NBR emphasis).

The statement is a good example of scale economies which eventually flow from the construction of facilities to deal with growing production volume. It confirms the views expressed over the years that Montana would "come right" when output matched the heavy expenses incurred in those facilities, including depreciation charges.

A deterioration in group working capital shows up in the balance sheet. This might offend purists who are accustomed to treating the working capital concept with outdated rigidity. The decrease was just over \$1 million, but has to be considered in relation to other movements in balance sheet items.

Montana repaid US\$1 million of overseas loans, and reduced other term liabilities by an additional \$500,000. The

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Asian export market boosts Pye profitability

by Peter V O'Brien

PYE Electronics' half-year report may have surprised sections of the sharemarket, but there has been steady interest in the company's shares in recent months.

The share price moved from a low of 65 cents earlier this year to \$1.10 last week. The latter price was reached after announcement of a substantial profit gain for the first six months.

A price increase of 29.4 per cent is lower than many other shares have enjoyed this year in the market's improvement, but it represents a sizeable movement when related to the 44 per cent profit fall (on historical cost basis) in the year ended December, 1978.

The 1978 result was a decline of 5.5 per cent on the basis of the group's inflation adjusted profit figures.

Pye said last week that historical cost net profit for the six months to June was \$790,000, adjusting to \$682,100 after allowance for inflation accounting. The 1978 full year's figures were respectively \$925,803 and \$777,911.

The company therefore earned in the first half of this year close to the full year's profit in 1978, on historical cost, and more than the return under inflation accounting procedures.

The interim dividend is raised from 3 cents a share (6 per cent) to 3.5 cents (7 per cent). Last year the total dividend was 6.5 cents (13 per cent) so it appears that the 1979 payout will be at least 14 per cent, and possibly higher depending on the results of the six months to December.

The interim report contains a comment which is relevant to the share price.

The company will seek approval to make distributions from the share premium account, which will increase the amount available as "tax free" dividends, thus extending the capacity to make such payments in future. Last year

the final dividend was paid from capital reserves, raising the effective yield to shareholders.

A key to the improvement this year was given in the annual report, under the heading "exports".

"There was a dramatic increase in export sales in 1978, Our market penetration in our established markets of Hong Kong and Singapore improved substantially and our entry into Malaysia during the latter part of the year will show a similar trend. Since balance date the company has orders from these areas which are more than double those received in 1978" (NBR emphasis).

Later the report said, in relation to its previous assessment of growth limitations in the New Zealand market for consumer electronics:

"A decision was made to pursue actively export outlets in the Asian-Pacific regions. Apart from the excellent market penetration now being achieved the company is finalising a technical agreement for the production of our CTV receivers in the People's Republic of China".

New Zealanders may find it hard to believe that a local company can sell television sets and other electronic products overseas, particularly in Asia, given the competition from traditional manufacturers, but it is happening, and provides Pye with financial benefits. (It should also be noted that the annual report referred to the production of a micro-processor which is "also committed for export to an Australian manufacturer".)

TV sets are classified under "Band B" of the new export incentive schedule. Their export carries a 10.5 per cent rate of incentive. The incentive should give Pye substantial taxation concessions, assuming that the overseas markets are maintained, and volume penetration increased.

A third group runs taverns and bottle stores, but provides no accommodation. The relationship of their profit to sales differs from the other trusts.

The annual reports of the trusts point out that sales increases over the preceding year can be misleading. The consumption of beer in particular fell in the year under review, a matter referred to in the reports of the main brewery companies, Lion and Dominion.

fluctuating nature of the particular price changes applicable to the industry, but it is also likely to be in the region of 26.5 cents on the 50 cents shares. At last week's share price of \$1.10, that produces a conservative, so there might better performance from the group in the full year.

For the purpose of comparison with other investments, it is appropriate to use historical cost profit. That

is the common element between various companies, in the absence of nationwide inflation adjusted accounting.

Assuming a dividend payment of 7 cents a share (14 per cent) there would be a cover of 3.78, compared with 2.2 on 1978's 6.5 cents.

Trusts serve up a mixed brew

by Peter V O'Brien

THE country's liquor licensing trusts improved their performance in 1978-79, although there were considerable variations between regional trusts.

The table sets out sales, net profit for the year, and the percentage return on sales for 13 trusts. The Mount Albert trust is excluded, because that organisation has yet to open a liquor facility. The annual report of the Oamaru Licensing trust was unavailable.

Profit figures for 1978 are included for comparative purposes.

Several matters have to be considered when examining the table. There is a different business "mix" between trusts.

For example, the old established Masterton and Invercargill trusts obtain a substantial amount of revenue from accommodation hotels, an activity which traditionally provides a lower return than liquor sales. Others (Birkenhead and South Wellington in the Wellington region for example) have neither accommodation nor taverns or bars to way to find outlets which are not true controlled, and trusts cover a larger area.

Although the trust may cover a different geographical area, but facilities are close at hand just "across the border".

Southland you travel a long way to find outlets which are not true controlled, and trusts cover a larger area.

The gross profit on sales of those items fell from \$14,962 in 1978 to \$952 last year, with the cost of sales moving from 42.5 per cent of revenue to 50.3 per cent.

The best performance came from Mataura, excluding the

local alternative to general enterprise control, the Mataura Licensing Trust covers a region in Southland where, according to the sales figures in the table, the populace manages to contribute to the working relationship with the major brewing group.

And, relatively to the success and the necessity to invest in facilities for the public, the trusts, particularly the established organisations have contributed to the communities. The contributors have been Masterton, Ashburton, Mataura and Invercargill trusts.

Invercargill also had a "one off" profit problem. The trust is engaged in three capital investment projects, which involved expenditure of about \$2.2 million. Consequently, "depreciation, repairs and maintenance are at an extremely high level".

At the other end of the country, the Birkenhead trust reports that 1978-79 was "a most difficult year".

It is dangerous to make projections of profitability in an electronics company, due to the

revenue fall which could be expected from lower volume sales, but in real terms the organisations were under some pressure as rising costs cut into margins.

The Invercargill trust was hardest hit. The annual report says that turnover was the highest yet recorded, but "it does not reflect the true position as actual sales of liquor and accommodation have declined".

The trustees say the accommodation industry in the region continues to be depressed and "there are no great prospects of an immediate increase in the number of overseas visitors to assist in this area".

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Record CPI rise advances economic miracle

THE economic miracle advanced another step with the announcement on Sunday of a 5.0 per cent increase in the Consumer Price Index for the September quarter following a rise of 4.5 per cent in the three months to June.

The quarterly movement is the highest recorded this decade, and probably for many more years. It resulted in a price inflation rate of 15.2 per cent for the year to September, compared with 12.4 per cent in the June year and 10.4 per cent for the 12 months to March.

Tobacco and alcohol contributed the largest proportion of the overall increase, in line with higher prices announced in the Budget. That sub-group was responsible for 25.5 per cent of the total 5.0 per cent change between June and September.

Private transport contributed 15.4 per cent of the total, reflecting the rise in fuel prices. Fuel and light came next with 13.5 per cent, but the sub-group was 24.3 per cent above the level of June, producing the largest single movement over the three months.

Food prices in September were 18.5 per cent above those of the same month in 1978, and 1.1 percent higher than the figure recorded for August.

The Government Statistician records 18 items as the "main individual items" contributing to the 5.0 per cent increase in the index. They range from beef through dwelling rentals to colour television and caravans. The usual ministerial explanations fail to disguise the fact that prices rose across the board.

The current quarter will see a contribution from increases in telephone charges, some flow on effects from movements in the specific items recorded in the September quarter figures, and meat.

Beer blamed for traffic deaths

by Warren Berryman
WHEN it comes to panegyrics in praise of wine, Omar Khyam would have found himself surrounded by kindred intellects at a recent Wine Institute luncheon.

Gathered to vaunt the virtues of wine were learned doctors who spoke of wine's help to appetite and digestion.

Wine, it was pointed out, is a sedative, far better than imported drugs. And wine, apart from its aesthetic qualities, civilised men by easing social intercourse.

Beer, the booze barns, and the Kiwi jug syndrome took a hiding from the wine buffs.

Dr Morgan Fahey, a specialist in accident medicine, laid the blame for alcohol-related traffic deaths squarely at the door of booze barns and the New Zealand ethos that equated masculinity with copious jug drinking.

"I have found that in 90 per cent of the serious accidents I attend as an accident doctor, alcohol is involved to a significant degree. I have never yet attended a serious road accident caused by people who have been drinking wine accompanied by food," he said.

"As a police surgeon I have had the equally unpleasant task of dealing with hundreds of drunken youths, usually in the 19 to 24 age group who have been detected by traffic or police officers. I can recall no more than 10 such youths who had been drinking wine without the consumption of food. The great majority of the drivers who cause serious road accidents have been drinking beer with a mean consumption of more than three jugs."

Fahey favoured a more civilised drinking environment in which alcohol could be taken with food.

Liquor industry spokesmen, he said, justify the existence of booze barns by saying it is what New Zealanders want.

Fahey granted that we have come a long way but not far enough.

Wine Institute chairman George Mazurana spoke in defence of wine against the tax men.

"I put it to you that it is not what they want it is what they have been given," Fahey said.

He attacked our liquor licensing laws — particularly those previously set for licensed restaurants.

"The farcical requirements imposed on restaurateurs before a wine licence could be granted such as the compulsory availability of a set number of New Zealand dishes, the compulsory carpet on the floor — these requirements and many others were an embarrassment to this country and were a laughing point for overseas visitors who had experience of the outward signs of a connoisseur's approach.

To the chagrin of the buffs a case of wine was knocking back his glass one after the other when the industry standard.

Now it is being outstripped by 17 smaller co-operatives, including two competitive neighbours which are paying dairy farmers seven and eight cents a kilo more for butter fat, - \$1000 a year difference.

Already 80 suppliers have said the difference is too much. They are sending milk to the Cambridge and Morrinsville Dairy Companies.

Those staying on have appealed to a 36-man team to investigate why their company paid out four cents a kilo below average last season.

Whatever their findings — and there is an outside chance they may recommend the splitting up of the company into smaller units — newly appointed chairman Jim Graham says the Dairy Board's system of paying for products must be changed.

"We cannot live with a system where a supplier one side of a road is getting paid seven cents a kilo more for milk fat than a supplier on the other side," he said.

The payout system is complicated.

The Government, in consultation with the Dairy Board, sets a basic milk fat price, to which the board adds a manufacturing margin, depending on equipment used.

by John Draper

WHEN you are the biggest, it is difficult to outperform the industry average as the New Zealand Co-operative Dairy Company's 4500 disgruntled suppliers are discovering.

For years the Hamilton-based co-operative, producing a third of the country's dairy products, has effectively been the industry standard.

Provision was made then for special payment on non-standard products, at that time only a small proportion of the total output.

Now it is being outstripped by 17 smaller co-operatives, including two competitive neighbours which are paying dairy farmers seven and eight cents a kilo more for butter fat, - \$1000 a year difference.

Already 80 suppliers have said the difference is too much. They are sending milk to the Cambridge and Morrinsville Dairy Companies.

The result, Graham says, is a wide divergence in payout between the dairy cooperatives.

Last season payouts ranged from 167 cents a kilo on butterfat to 200 cents a kilo, both paid by small South Island co-operatives.

"If the change cannot be accommodated, then the industry is really in a serious position," he said.

If the dairy company fails, it is likely to push for an effective national farm gate price for milk similar to what it

There is also a system of incentives for producing specialised products and penalties for poor quality.

The present system was introduced, with the industry's support, by Labour Government Agriculture Minister Colin Moyle.

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Despite having three of its own directors among the 13 around the Dairy Board's table, the company faces an uphill struggle to persuade the industry to accept the change.

"And our operating efficiency has been amongst the best in the industry."

Despite a wide area, transport costs were four cents below the industry average of 13 cents a kilo, though three cents up to rival Cambridge Co-operative.

In an industry in which throughout is crucial, the loss of suppliers is bound to hurt the dairy company, and in the current season highlight the differences between the three

That sore should heal this year with a unified central milk testing laboratory in action at Matamata.

Dairy company critics, including its suppliers, lay part of the blame on the co-operative's conservative directors whom they say have been reluctant to specialise in high paying products.

The company's low in-

terest rates, one of the lowest levels in the industry, is reflected in the sophistication of its factories. And with today's rapidly changing technology the latest equipment tends to be the most efficient, though also the most expensive.

Inflation has more than justified the decision of other companies to invest in new factories which at the time might have been questionable.

The dairy company's operating area is also changing as more land in the northern Waikato is taken out of dairying and used for horticulture and race horse breeding.

In the short term, regionalisation may solve the company's problems, with suppliers getting paid according to what their local factory produces.

In the longer term, Graham says efficiency must be tightened and the Dairy Board persuaded to pay the company more for caselin and cheese.

main Walkato rivals.

Other districts effectively stop switching through a series of "gentlemen's agreements" not to accept another company's disgruntled suppliers.

The agreement has not held in the Walkato as the differences in payout widen.

Cambridge paid 190.27 cents a kilo, Morrinsville a cent less and the dairy company 182 cents.

One of the main causes of discontent has been the system of milk testing which apparently resulted in the smaller companies getting paid for higher percentage of milk fat.

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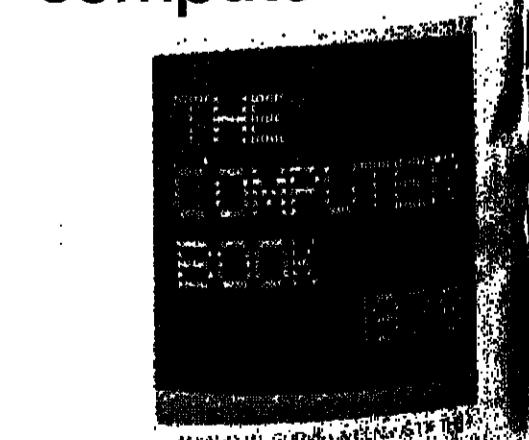
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Unions report on technology

WHILST I was pleased to see you (NBR September 26) devoting significant space to the inter-union report on technology, I must say I am as equally disturbed by the quality of the inferences drawn by your industrial reporter as he seems to be of the quality of the inter-union report itself.

NBR reports that "the whole document is clearly technically ill-informed". In responding to this first criticism the working party report makes it perfectly clear at the beginning that at no point was there an intention to produce an exhaustive analysis of the so-called micro-electronic revolution, but rather confined itself to a brief summary of the major issues (and potential issues) involved.

Equally clearly stated in the report is that the report was constituted in order to study the effects of technology rather than an attempt to describe its technical base, the methods by which it is produced or the detailed composition of the various

types of new technology. In the case of silicone chips for example, the greatest importance to union members are possible effects chip-based equipment may have on jobs, rather than to show how chips are made or why they are made from silicone.

Further on this point, it takes very little technical expertise to look at a machine which sits on the customer's side of a bank counter and performs all the duties that the teller next door performs and conclude that tellers' jobs are at risk.

The NBR review goes on to say that the working party report adds to the already existing confusion on the subject, and includes "estimates, assumptions and plain guesses".

Once again you take a quote out of context. In the introductory section of the report, the working party makes no secret of the fact that the general lack of information in New Zealand restricted the report somewhat. And then goes on to raise one of the most important issues to come out of the report (one which NBR fails to devote more than one line to) and that is the problem that employers are "not too

keen" to inform unions on what technology they have introduced, or plan to introduce.

The right of unions to be involved in investment decisions involving new technology is a fundamental issue raised by the report which needs to be stressed. This was in fact confirmed by an inter-union conference on September 21, which, amongst other things, insisted "on the right to full information on employers' intentions and options prior to any decisions being made to introduce or advocate the introduction of new technology".

In the meantime, any claims made by unions about the job

reducing capacity of various new systems can always be denied by employers and if in fact such denials are made in good faith, then they should have no qualms about confiding in unions on what they are made or why they are made from silicone.

This in turn leads on to one point which has been picked up correctly. The working party was in no doubt that "new technology, in all its forms, erodes jobs and does not replace them".

It was noted with interest that Mr Bolger, on his recent return from Paris, made it quite clear that the soon to be published OECD report will demonstrate that a net loss of jobs will occur.

In that, the working party's and OECD's view differs from that of the employers, their solution is really very simple.

Again, all employers need to do if they are acting in good faith in stating that new jobs will be created to offset those lost, is to sit down at the negotiating table and tell unions just what new machinery is planned and what the staffing implications are.

If a net gain in jobs is the result, then where is the

problem? Unfortunately to date, disclosure of such information has not been forthcoming, and the source of the apparent net gains in jobs is still a mystery.

This brings me to my final point which is perhaps the most important. Your article correctly raises one very important point. That is, "will failure to exploit new technology lead to reduced competitiveness in the international market and hence stifle growth prospects?" — implying thereby that technology will promote economic growth and hence employment.

We note that it is prepared only to say "high growth rates with productivity can result in worsening in employment". — Editor.

It is a commonly held assertion that the higher the economic growth, the more employment is available. However, if one sits down and works through such an assumption certain contradictions emerge.

One important point that is missed is that high growth with higher productivity can in fact result in a worsening in the unemployment.

There can be no doubt that new information technology is aimed at increasing productivity. The potential of the new technology is such that it will actually reduce the demand for labour if applied without any other considerations than the desire to increase productivity.

Again, all employers need to do if they are acting in good faith in stating that new jobs will be created to offset those lost, is to sit down at the negotiating table and tell unions just what new machinery is planned and what the staffing implications are.

If a net gain in jobs is the

Muldoon takes up economic journalism

Economics Correspondent

THE Prime Minister has not been happy with what journalists have to say about the state of the New Zealand economy. So it should not be the least surprising that he should become an economic journalist himself in one of the world's best newspapers, the *Christian Science Monitor*.

Rob Muldoon's article in the October 1, 1979 issue of the newspaper centres on his assertion that "New Zealand has spent the last three years laying the foundation for sustainable economic growth".

The elements of the strategy have been introduced over the last three years and in the Budget this year the Government set out the complete package. This integrated strategy is based on the philosophy that development must be a co-operative effort between Government and the business sector."

The form of payment for a lease agreement is read: "for the next six months monthly lease pay \$239.00 will be made for the remaining period the 36 month period company need make other repayments etc & are already covered by advance rentals."

No doubt my letter is one of many.



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on the back. He says: "Already New Zealanders have accepted the challenge of diversifying their exports and are roaming the world in search of new markets with considerable success".

And Francis also gives the Monitor's international readers a taste of what the Prime Minister means when he says the Government sets the ground rules for economic development.

He quotes a recent speech by Hugh Templeton, Deputy Minister of Finance: "Over the last year the Government has unashamedly followed a policy of fine-tuning the economy in order to walk the narrow line between the dangers of unemployment on the one hand and hyperinflation on the other."

Francis points out that "Government economic management in New Zealand extends far beyond 'macroeconomic' policy into the details of industrial affairs" though the Government has moved modestly to increase its capacity to export".

For this, New Zealand needs to develop a wider range of internationally competitive industries. And here our ever quick Prime Minister shows his ability to never let a good opportunity pass by for promoting his policies.

"Many of these new developments, especially those involving energy resources, will require skills and capital that are not available in New Zealand. The Government welcomes foreign investment that brings these contributions to the country's growth."

It would be interesting to know whether the Christian Science Monitor paid our Prime Minister for his contribution to their paper or charged him for advertising.

While the Prime Minister has predictably described his Government's policies in glowing terms, the Monitor attempts to balance his view. Included in its special 12-page pull out section on New Zealand is an article by David Francis which discusses the views of some local economists.

Francis quotes Len Bayliss, chief economist of the Bank of New Zealand who complains: "Government economic management as measured by fiscal and monetary changes over the last six or seven years has been deplorable."

Bayliss cites figures showing enormous swings in the size of the Government's budget deficit and growth rates in the money supply. He asserts that "not even the strongest economy could have functioned effectively within these massive short-term fiscal and monetary fluctuations".

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Exports a foundation for

By R. D. Muldoon
Prime Minister and Minister of Finance of New Zealand
special to The Christian Science Monitor

New Zealand has spent the last three years laying the foundation for sustainable economic growth. The country has already developed one of the most efficient livestock based economies in the world. This is to be built upon in the future to grow beyond the abundant indigenous resources that are unique to New Zealand, which has been changing in its terms of trade, is part of the world's food to the world market. It is unique among developing countries in the extent to which it has concentrated on agricultural products.

This emphasis is logical in the light of New Zealand's advantages in agricultural production. Yet it should be noted that the development of these products is not the only way to success. From the perspective of free trade it is these products with as much enthusiasm as they preach its virtues that will benefit from access to better prices, but New Zealanders have fewer incentives to do this. The government's policy of protection together with the international oil shocks and the resulting世界 trade have affected New Zealand severely than any other developed economy. The result is that New Zealand's industrial base is being undermined but it will still rely on agriculture to develop a wider range of industries. The New Zealand government's development is on the promotion of exports having been introduced over the last few years. 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Manufacturers take positive approach to link

by Colin James

AS officials on both sides of the Tasman prepare briefs for their Governments on closer trade ties, evidence has come of a more receptive attitude to change among manufacturers.

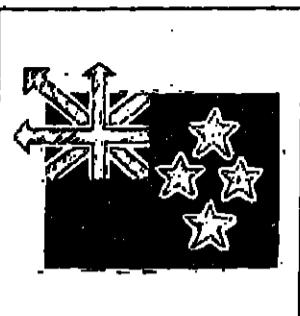
A "joint discussion paper" prepared by manufacturers' organisations on both sides of the Tasman for a meeting of Australian and New Zealand manufacturers this week takes a broadly positive approach.

The paper implies acceptance that the days of concentration on import substitution are past — a realistic attitude given the Budget's telegraphing of the same message.

It also accepts that cozy arrangements designed to prop up industries in both countries by ensuring them a wider market are not enough. Future development of trans-Tasman trade arrangements must be aimed at improving the overall efficiency of Australian and New Zealand manufacturing.

It thus opens up a number of questions that would have been unthinkable, for New Zealand manufacturers at least, even a year ago.

A month ago, in an official



OVERSEAS TRADE

statement, the New Zealand Manufacturers Federation, somewhat defensively, argued for alterations to the New Zealand Free Trade Agreement (Nafta).

The joint discussion paper also concentrates on Nafta, and gives little attention to other options for free trade open to the Governments.

But it goes further than the official statement, introducing an element of compulsion to inject life into schedule A — the list of items with free or nearly free access between the Tasman partners.

Officials on both sides of the Tasman have been working on briefs for a meeting of permanent heads of key departments of both countries on November 1 and 2.

helped rationalisation between competitive industries.

If schedule A is to be used in the latter way, it will entail other substantial changes — at least, so a reading of the discussion paper suggests.

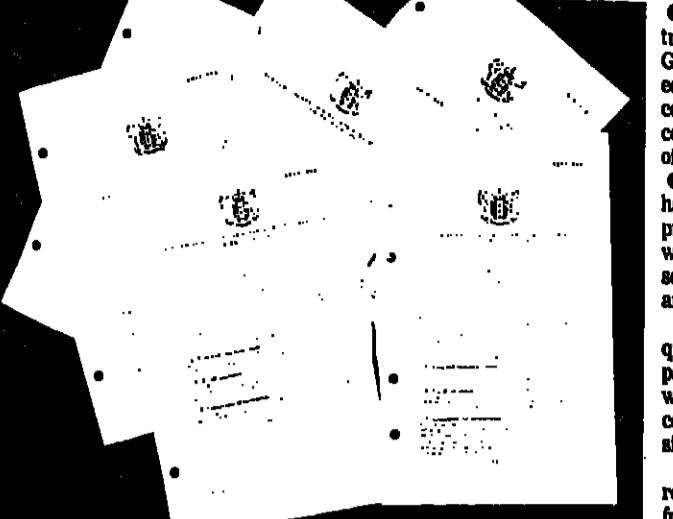
These could be far-reaching, entailing elements of a customs union and common market.

In addition, the paper raises the problem of the effect on third countries of any closer arrangement. Nafta has resulted in diversion of imports away from third countries towards the two partners and any further such development would be viewed with hostility by both the ASEAN nations in South-east Asia and by the small Pacific countries.

But the paper is less a provider of answers than a raiser of questions. Neither the paper, nor the meeting this week, are the appropriate place for answers.

They will eventually have to come from the politicians.

Officials on both sides of the Tasman have been working on briefs for a meeting of permanent heads of key departments of both countries on November 1 and 2.



- Will such links be treated similarly by Governments in economic policy and corporate tax and incentives — both areas of contention?
- Will there be harmonisation of products from third countries when those producing schedule A between is New Zealand?

by Colin James

THE New Zealand Australia Free Trade Agreement (Nafta) could form the basis of a revitalised trans-Tasman trading relationship — if an element of compulsion was introduced.

This is one message of the joint discussion paper prepared for a meeting of Australian and New Zealand manufacturers this week.

But the paper raises wider issues, implying more than a simple change to Nafta.

The paper lists a number of benefits that have already occurred under Nafta:

- The opportunity for both countries to use the other as a test market for exporting,
- The expansion of some industries directly through Nafta, such as forestry, whiteware and carpets.

Beyond that, the paper probably departs, degree to which the two countries can define industrial complementarity between the two countries and the opportunity to join forces in international trade issues.

In two instances, New Zealand was protected from

the full force of restrictive import measures adopted by Australia.

But the paper adds that Nafta has fostered "trade diversion" — that is, it has tended to displace imports from other countries with imports from the Nafta partners (even though the other country may be able to supply the items more cheaply).

Trade creation has occurred under schedule A, but this has been limited.

The paper argues that the benefits of customs union occur when the economies of the partners are very competitive, with overlapping patterns of production, which encourages specialisation.

"Conversely, when the economies are complementary, the opportunities for new trade are limited because the economies are already specialised with respect to each other."

Trade creation, the paper argues, is more likely when there are more members of the union. The more members

there are, the greater is the likelihood that the cheapest producer of an item will be found in it.

Thus, it warns, development of a two-country trading bloc "may not necessarily be consistent with greater economic efficiency for the region as a whole."

As it is, the paper says, the "main thrust" of Nafta has been to the development of trade in complementary areas at the expense of third countries.

But, since the remaining opportunities for trade integration between the two countries lie in the areas

where the economies are competitive, integration offers opportunities for significant growth as a result of increased efficiency.

Other potential benefits:

- More efficient allocation of resources and economies of scale,
- Freer movement of labour and capital, enabling greater specialisation.

Greater stability and thus confidence in trade.

The way ahead, the writers of the paper conclude, is not through Nafta as it is at present.

The rules as developed by bureaucrats and politicians have narrowly interpreted Nafta's "material injury" and "protection of balance of

payments" clauses — and have allowed single firms to hold up schedule A deals.

Quantitative restrictions allowed under schedule A have also been a drawback.

Nafta could still be used as the basis for developing freer trade.

But new arrangements under it would have to be part of a more clearly defined and compulsory programme of action.

"One option would be to establish an interim schedule, similar to schedule B, on to which transferral was compulsory and which provided for

Continued on Page 22

Mas Gives:



A tradition of Golden Service across three continents

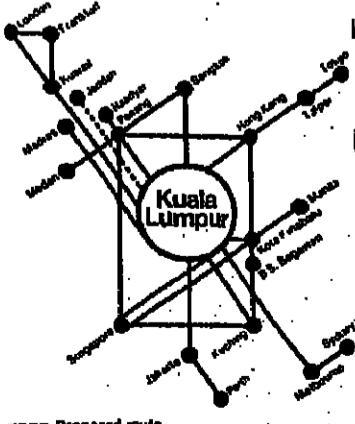
In Malaysia, we are taught from an early age that to give of yourself is to truly give.

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Nafta structure offers bleak future

WITHOUT change, the Australia-New Zealand trading relationship would be likely to deteriorate — that is the message of a joint discussion paper, prepared for a meeting of Australian and New Zealand manufacturing organisations this week.

The relationship has deteriorated to one of mistrust and suspicion based on the conservatism of the lowest common denominator."

The paper presents a rather gloomy review of the New Zealand Australia Free Trade Agreement and its key feature, schedule A.

It is a tale of rejections of suggested additions to the schedule — which can result from the recalibration of only one firm — distortions of its original intention and narrow, sensitive attitudes of politicians and bureaucrats.

Goods included in this schedule A have duty-free access each way across the Tasman.

Every six months the two countries nominate a list of goods for inclusion in the schedule. Firms have three months to object to individual items and there is extensive consultation both between countries and within them.

Serious objections may result in items being referred to the appropriate tariff authority in each country.

If a nomination gets through these hoops it is added to the list.

There are qualifications to the "free trade" nature of the schedule. Quantitative controls can be imposed for balance of payments reasons and there are substantial safeguards in case of serious harm to a local industry.

Schedule A trade represents about two-thirds of total trans-Tasman trade, covering around 2000 items.

But there has been little growth in recent years, because of the stipulation that industries in each country cannot be harmed, because

there has been a major lack of long-term vision," the paper says, leading both to an unwillingness and an inability to invest in manufacturing.

One is the political constraints imposed by politicians unwilling to put firms in their own country at risk.

The second is broad economic factors — primarily a chronic balance of payments deficit in New Zealand and unemployment in Australia.

The 1973 oil upheaval added to economic uncertainty and encouraged policymakers to resort to ad hoc expediency.

A third factor is trade barriers — the hardening of Australia's approach to schedule A and its imposition of import quotas on textiles and footwear.

The differences in size of the two markets has made it difficult to evolve concepts of equity.

There are also differences in the two countries' export incentive schemes and trade practices legislation.

The structure of trade has also worried Australians who have complained that New Zealand imports mainly goods — including raw materials — that it would have had to import anyway.

The restructuring of the manufacturing sectors in both countries has made people "introverted and defensive".

"In the midst of uncertainty, governments have been extremely sensitive towards any harm likely to be caused to employees or employees."

"As a result, the relationship has deteriorated to one of mistrust and suspicion based on the conservatism of the lowest common denominator in each case."

The writers of the paper conclude that future development prospects are not bright, despite Nafta as presently structured.

"The easy areas of negotiation have already been encompassed in the agreement and the products remaining are generally those which are produced in both countries and in which expanded trade would harm producers in either of both countries."

"Yet here remains the most fruitful area for economic advantage in terms of increased efficiency through rationalisation and larger scale."

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Refurbished Nafta

Continued from Page 21.

a phased programme of dismantling tariffs and reducing quantitative restrictions so that after a pre-determined period of time the item could be transferred to schedule A."

Schedule A would have to be revised to cover items with unrestricted duty-free trade.

Rules would also have to be devised for the interim schedule to minimise trade deflection and trade diversion from third countries and reductions in quantitative restrictions should be applied across the board as a fixed

percentage of the domestic market.

The paper points out: "The major difference between this proposal and existing arrangements is the element of compulsion."

The paper skims briefly over the other possibilities: a limited free trade area, a full trade area, a customs union (with common tariffs and quotas for third countries), a common market (no restrictions on productive factors) economic union and political union.

It makes no attempt to analyse the full implications of the options — but does warn

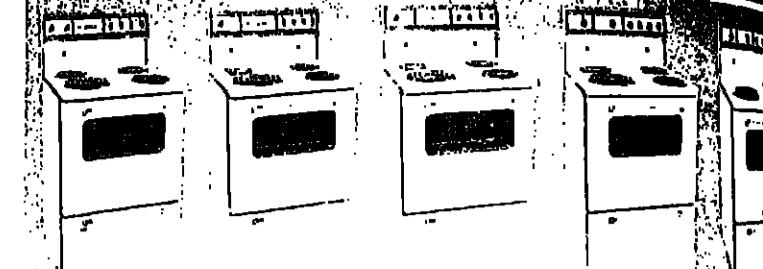
that any programme of change should be phased.

It also adds a raft of other conditions, which suggest the writers' strong preference for a refurbished Nafta.

In shaping new initiative it is important to be aware of certain realities and principles based on lessons from the past," they say.

Top of this list is the "need for political independence in capital, labour and technology, consistent with some aspects of a common market approach.

It also urges harmonisation of tax structures and other differential official policy treatment of competitors —



trade area.

But elsewhere the paper argues for freer movement of capital, labour and technology, consistent with some aspects of a common market approach.

"It is critical," the paper says, "that at least from here on, changes in economic policy affecting the cost structures of various industries take account of the influence they are likely to have on the competitive position of those in

Doyen steps down

TOP executive changes have been announced by J Iott Ltd. They are made notable by the departure from the daily scene of former chairman and chief executive Harold Austad.

After just six decades with the company, he can properly be regarded as the doyen of New Zealand advertising. Austad remains on the board as a non-executive director and is retained as a consultant.

Pat Smith, former managing director, becomes chairman and chief executive. Smith, prior to his appointment as managing director, was for some years manager of the Auckland branch.

These two come towards a customised solution. Other "realities of ciples" cited by the paper as needed in mind are:

- The private sector to take initiative;
- Profitability, relevant conditions, firm size;
- The present structure is the Government policies compensation and assistance should where necessary;
- Quantitative differences between the partners should be removed;
- Services, particularly transport, need to be improved;
- Where there are differences in costs, short-term adjustments are justified;
- The use of resources should be encouraged.

Appointed as managing director is Surrey Kent who previously occupied the position of Wellington regional manager.

Coupled with the management changes, comes the announcement that the Australian agency George Patterson Pty, which acquired 20 per cent of Iott's shareholding only two years ago, has now doubled the stake to 40 per cent.

"We had enjoyed a close association with Patterson's

for many years before the comparatively recent formal conjunction of interest took place," Smith said.

"Since our new relationship has been established, our interests have become even more intensively identified and this move is a logical outcome of the increasingly closer cooperation," he said.

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Market researchers shy away from head count

by Helen Vause

MARKET research — its role in the 1980s, its role in exporting, how much it is used or not used, and most importantly, positioning the value of market research upfront in the minds of the business community.

These were some of the subjects under scrutiny at the recent annual conference of the Market Research Society — a group of researchers and research users.

A high conference priority was to look closely at the market research industry itself and ways to sell market research more vigorously than ever before.

The conference theme was "Through the Mindfield of the Eighties".

Society president Alan Lough said: "The 1980s will present the most challenging and difficult business era in New Zealand since World War II.

"However, new problems can also produce new op-



MARKETPLACE

prehensive picture of the business was abandoned because "the high quoted cost seemed incomparatively with the benefits".

Because some major research organisations would not participate in the survey (ironical again) the findings were considered to be estimates only.

Those who did not take part were Heylens, the National Research Bureau and Market Research New Zealand Ltd. These groups did, however, attend the conference.

Thirteen organisations in New Zealand offer market research services, total industry turnover (excluding retail audits) was an estimated \$3.75 million.

"Good decision making depends, at least in part on knowledge and market research is one of the primary sources of this knowledge. This is not to suggest that companies not using market research will fail."

The market research industry employs between 200 and 350 people with about 55 of them as fulltime researchers.

The total number of consumer interviews carried out by market research organisations a year is estimated at 40,000.

All the participating firms reported that turnover had increased during the last financial year, in most cases by over 20 per cent.

In an appraisal of the industry and its future, Auckland branch president David Innes said: "As a user of research I am prepared to say that there is no other activity in business with greater potential for improvement of one's marketing performance. We have the responsibility to hold our banner high, to convert the ignorant to our cause."

"Good decision making depends, at least in part on knowledge and market research is one of the primary sources of this knowledge. This is not to suggest that companies not using market research will fail."

"Nor that the use of market research will automatically result in success. But experience across the world has shown that the chances of success can be dramatically improved through careful and systematic research."

Research, he warned, must be properly positioned in the overall business picture.

"Unless the practical implications of the findings are given consideration the work becomes like a great piece of sculpture — beautiful to look at but not much practical use."

"In our survey results the main types of criticism levelled at researchers fell into this area: — academic, impractical, lack of marketing follow through etc."

Throughout the conference the issue of demystifying research methodology and results to make sure the end user understands what he has paid for, was raised.

All too often market research reports are permanently filed because clients are unable to interpret them with enough confidence to incorporate research findings in decision making. The report, once complete can become more a vague security blanket than a navigational tool.

Innes' points were expanded by Brian Milnes, executive director of the Newspaper Advertising Bureau.

"It is generally a sad fact of life that a soft piece of research, superbly packaged and presented will generate more action, more business, than a superb, hardnosed study presented in almost computer printout format. How you say it is at least as important as what you have to say."

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The strongest attack isolated number came from freelance creative consultant Dennis Everingham in address "Advertising Research — makes it a deadland, head bobs like an eagle! or a valuable tool in developing successful advertising approaches."

Speaking as a researcher he said: "After half a century as a vague interest advertising has been stripped naked and made second class. Where we used to do something might work we have to know it will work."

"We have to have large research, our clients will longer our patron; I estimated that 90 per cent of advertising is waste advertising and I believe that that bad myself. And your fault."

"You only tell us numbers when we ask about people. We know about the real consumer."

"I'm not saying you should throw away qualitative research, but I'm insisting followed up with qualitative research."

"The advertising pitch dear old mum is ride, when we know that where their droves are going to work. And the woman who so often operating in a commercial — does exist?"

"A great deal of advertising is due to the ignorance of the audience clinging to their stereotypes," Everingham said.

Overall though the conference mood was quiet, the tough times ahead for businessmen could be golden years for the New Zealand market research industry.

by John Draper

HUNTING the oceans in sophisticated, oil-burning, electronically guided boats for fish to go with the chips is becoming expensive.

And the fishing industry is realising there are more efficient ways of catching fish — rather like arrows were swapped for the plough to get food.

New Zealand is ideally suited to modern fish farming.

Technically there is little to stop the rapid expansion of the abundant, unpolluted waters in the rivers, lakes, estuaries, bays and sounds.

Politically, the outlook is muddy.

To develop mussel farming in the Marlborough Sounds, the Fishing Industry Board, a statutory body, had to involve 11 other Government agencies or departments, plus four local authorities, all of whom considered they had ultimate responsibility for the development.

Further snags were encountered in the form of sporting and recreational bodies which considered they too should have a say.

The result was haphazard at best. The Ministry of Agriculture and Fisheries which has assumed some authority for development is now talking with all local bodies who have been appealing against the issue of further licences.

But the results are slow and come in the form of agreed areas where mussel farming will not be allowed, rather than a positive declaration of where it may be undertaken. Would-be salmon farmers and salmon ranchers are also experiencing problems getting clearance from South Island acclimatisation societies, which effectively control the release of the valuable fish into rivers.

Trout — another potential export earner and a certain hit with the local restaurant trade — is vehemently opposed. Such is the strength of the opposition in several likely marginal seats at the next election that the Prime Minister has already said there will be no trout farming during the life of this Parliament.

The statement was reiterated by Agriculture and Fisheries Minister Duncan MacIntyre at a recent aquaculture conference in Wellington.

What aquaculture and the fishing industry as a whole needs is a development agency, in the view of the Fishing Industry Board's first general manager and now fisheries consultant Jim Campbell.

Ironically, Campbell was commissioned by the United Nations Food and Agricultural Organisation to write a paper on the type of agencies needed primarily for the benefit of developing nations.

The board's attempts to grow into a development agency have been firmly resisted, Campbell said.

"We were trying to cut across established departmental controls."

The board's present general manager Nick Jarman says aquaculture must be planned on a national basis with local opinion being obtained and considered after the national plan has been formulated rather than the reverse.

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Politics muddies the prospects for fish farming

Technically, many problems must be overcome. Aquaculture in many ways is only just emerging from its own Stone Age.

Fishing exports are breaking records year by year. To March 1979 shellfish exports including squid went by 49.7 per cent in weight and by 16.3 per cent in value to \$6 million.

Wild eels alone were worth \$4 million showing the potential for farming.

Using carefully controlled environments the survival rates can be dramatically increased.

The chinook salmon can lay up to 5000 eggs in the wild, less than one per cent ever survive to return to their birth place.

In a fishery, more than 90 per cent of the eggs will be hatched, raised and released for ocean ranching. Hopefully

up to five per cent will return three or four years later for harvesting.

In laboratories, scientists are working on developing types of shellfish suited to fish farming.

At the Ministry of Agriculture's Fisheries Research Division in Wellington, Dr Dinamani, who organised the recent aquaculture conference, is optimistic of developing a new breed of oyster with the fast-growing qualities of the Pacific oyster and the long harvested life characteristic of its distant cousin the rock oyster.

Ardent fish farmers claim that by the late 1980s their produce could be a significant export earner as well as saving millions on existing imports.

Last year \$3.5 million of

salmon and another \$3.5 million of shellfish were imported from the Ministry of Agriculture and Fisheries at the end of the month.

But there is unlikely to be any immediate bonanza. The "quick quid" merchants have already lost out to the slippery eel which refused to be farmed Japanese style in New Zealand waters.

Locally, aquaculture is still near the bottom of the learning curve. To more fully exploit the local waters there may yet be need to import "exotic" types such as shrimps, crabs and other crustaceans considered delicacies, attracting high prices in Europe, the East and America.

For some species, including trout, legislation will be necessary for their introduction and a fierce fight with acclimatisation societies to be won.



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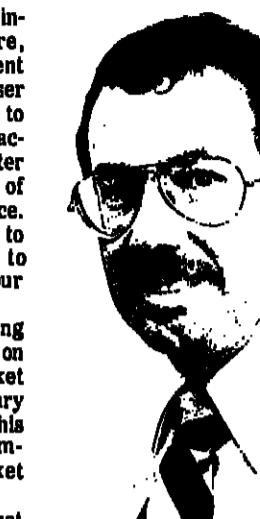
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improved through careful and systematic research."

Research, he warned, must be properly positioned in the overall business picture.

"Unless the practical implications of the findings are given consideration the work becomes like a great piece of sculpture — beautiful to look at but not much practical use."

"In our survey results the main types of criticism levelled at researchers fell into this area: — academic, impractical, lack of marketing follow through etc."

Throughout the conference the issue of demystifying research methodology and results to make sure the end user understands what he has paid for, was raised.

All too often market research reports are permanently filed because clients are unable to interpret them with enough confidence to incorporate research findings in decision making. The report, once complete can become more a vague security blanket than a navigational tool.

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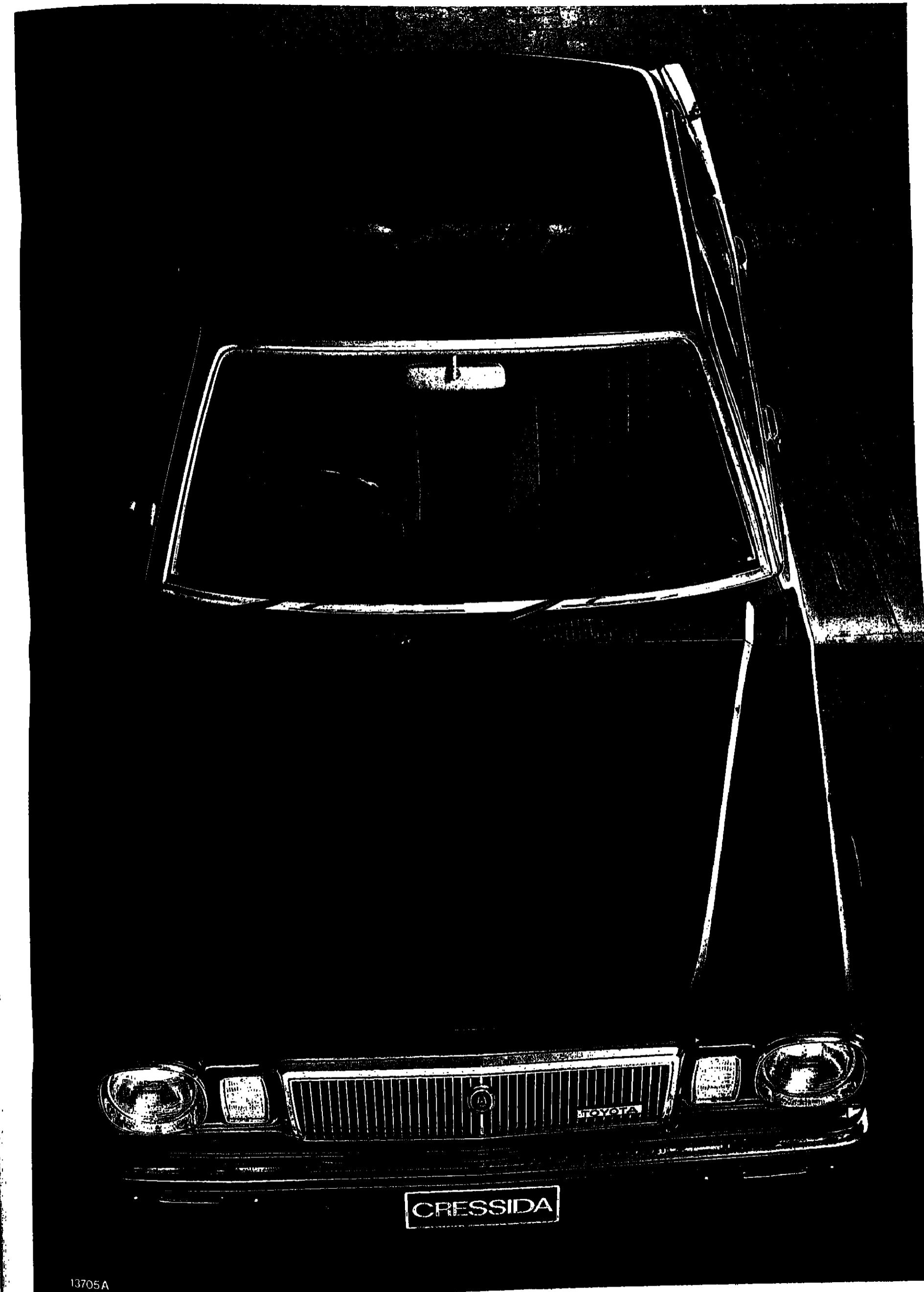
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Travellers bask in sun and count potatoes

THERE were croutons, the merest suggestion of soup and a waiter doing a passable imitation of a New Zealand television interviewer approaching Rob Muldoon.

"So sorry sir, the chef must have thought it was for the Japanese party—they don't eat very much," he said.

What he meant was they don't get very much.

The Japanese are moving back into the Pacific and the Fijians are cashing in.

In short, the name of the game now is money.

There was a time when New Zealanders were the top money spinners in Fiji.

The high cost of internal air travel at home plus the "American" prices in the South Island made this holiday paradise a number one choice.

The added attraction of duty free shopping was icing on the cake.

Then, in the early 1970s the rush was on to Europe and Disneyland.

Now the tables have turned again. Rising costs are forcing New Zealanders to look closer to home for their holidays and the number of Kiwis heading for Fiji is on the increase after a fall off three years ago.

They are finding a very different Fiji and in turn the Fijians are finding a very different New Zealander.

"There are still people with money to spend but more and more we are seeing the first

New Zealanders faced with the prospect of spending big money took off for London and the United States.

"What we are seeing now is the break down of that psychological barrier," said Lane.

"They now know how much it costs to go elsewhere and they are coming back to Fiji.

"The sophisticated traveller knows what it costs to eat out at home and round the world.

"What we are also getting though, are New Zealanders who want an overseas holiday, can't afford to go further than Fiji, and end up counting the potatoes on their plate."

The argument does not go down well with Villame Raikuna, manager of the Fiji Visitors Bureau in New Zealand.

Three years ago he was living from day to day never knowing when his office would be closed through lack of business.

On the other hand, figures show that New Zealanders are returning to Fiji.

In May of this year close to 6,000 visited Fiji, 56 per cent up on last year. For the year ended June this year the overall figure was up 12 per cent, to 36,812 New Zealanders.

These are the people who deserted the land of sandy lagoons when hotel prices doubled four years ago.

The reason was quite simply the price of oil.

It fuels the country's electricity and 87 per cent of the hotel rooms are air conditioned—so prices soared.

Transport consultant sets up for business

At least one man is confident of the future of the transport industry, despite all the problems of government policy, fuel supply and price and an uncertain economic environment.

But John Levet, the former assistant managing-director of the Auckland-based trucking company of Andrew and Andrew says it's a cautious confidence tempered with a good deal of doubt.

Levet has resigned from his firm to set up business as a private consultant for firms in the transport business.

"People in business, particularly the small operator who's working his heart out just to keep going, haven't time to sit back and take a look at themselves," he says.

"Often it's the same with the big companies who take on too much, diversify too quickly, they haven't time to work out all the connections between their operations to get the greatest efficiency.

"A consultant makes people stop and take a look at themselves and where they're going."

Levet was also junior vice president in the Road Transport Association and was set to become president within four years had he not decided it was time to get out.

He was formerly an accountant with Firestone before joining Andrew and Andrew. Now he expects much of his work to come from ancillary operators.

It is in this area that Levet sees the greatest economies to be made in the transport sector as a whole.

"Many vehicles are owned by firms for convenience and

often at large and unknown costs to the firm," he says.

"The transport of goods is ancillary to their business, but although people like manufacturers will study their production costs to the nth degree, and are extremely conscious of the effect of wage increases, the costs of transport are rarely looked at in any comprehensive way.

"Is it possible for example that getting someone else to transport your goods will be cheaper than owning and maintaining your own fleet?

"What actually is the fleet there for? — prestige, convenience, habit may all come into it.

"It's possible the firm may not even have the best and most efficient trucks to do the job they do want."

Distribution is a costly business and one which is ignored at a firm's peril, according to Levet.

"Transport is an industry with the quickest wasting capital assets of any industry, and it's essential for both the firm and the country that they're put to the most efficient use."

But why leave the licensed industry for the uncertain life of consultancy?

"Who in his right mind is going to invest in the transport industry when you can get a better return from Government stock. And who wants to have all the hassles of the uncertainty involved in the Government's transport policy?"

"But all the same the country has got to have a viable transport industry, and I want to work to ensure it gets one."

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his market and his customers. There are more Australians but New Zealand is an important market to us, a market we have spent money on developing," he said.

The increased figures reflect a million dollar promotion by Raikuna and his colleagues round the world.

In short, they laid on junkets for travel agents and journalists, and it worked.

Conscious of the need to remain competitive in the tourist industry, it is Fiji Government policy to hold prices, but Lane says they will rise by 10 per cent next year and "hopefully no more than 15 per cent".

Behind this lies the high cost of imported oil and food and a well organised trade union movement.

The hotel trade is now paying \$1.20 an hour.

A voluntary agreement of 7 per cent has been reached between union and employers for wage increases this year but already the ratio of one

employee to each room is down to 0.7.

More serious and worrying to the Government is the creation of a working elite earning far more than any other Fiji labour group.

The cost to Fiji society will be high and so too will the effect on the price of a holiday.

Whenever the question of cost is raised, so too is the effect on this of the Japanese influx.

They want the best and can afford it.

But, as Raikuna points out, they have a major language problem and can end up paying more.

"I may get shot down for saying this but I hope we don't pin to much on the Japanese," he said.

A major concern is the creation of a dual price structure with the Japanese paying the top rate and everyone else, including New Zealanders, paying less and perhaps getting less.

"We want to do business but not to the point of being un-

scrupulous about it."

He points out that already the duty free attraction of Fiji has practically gone.

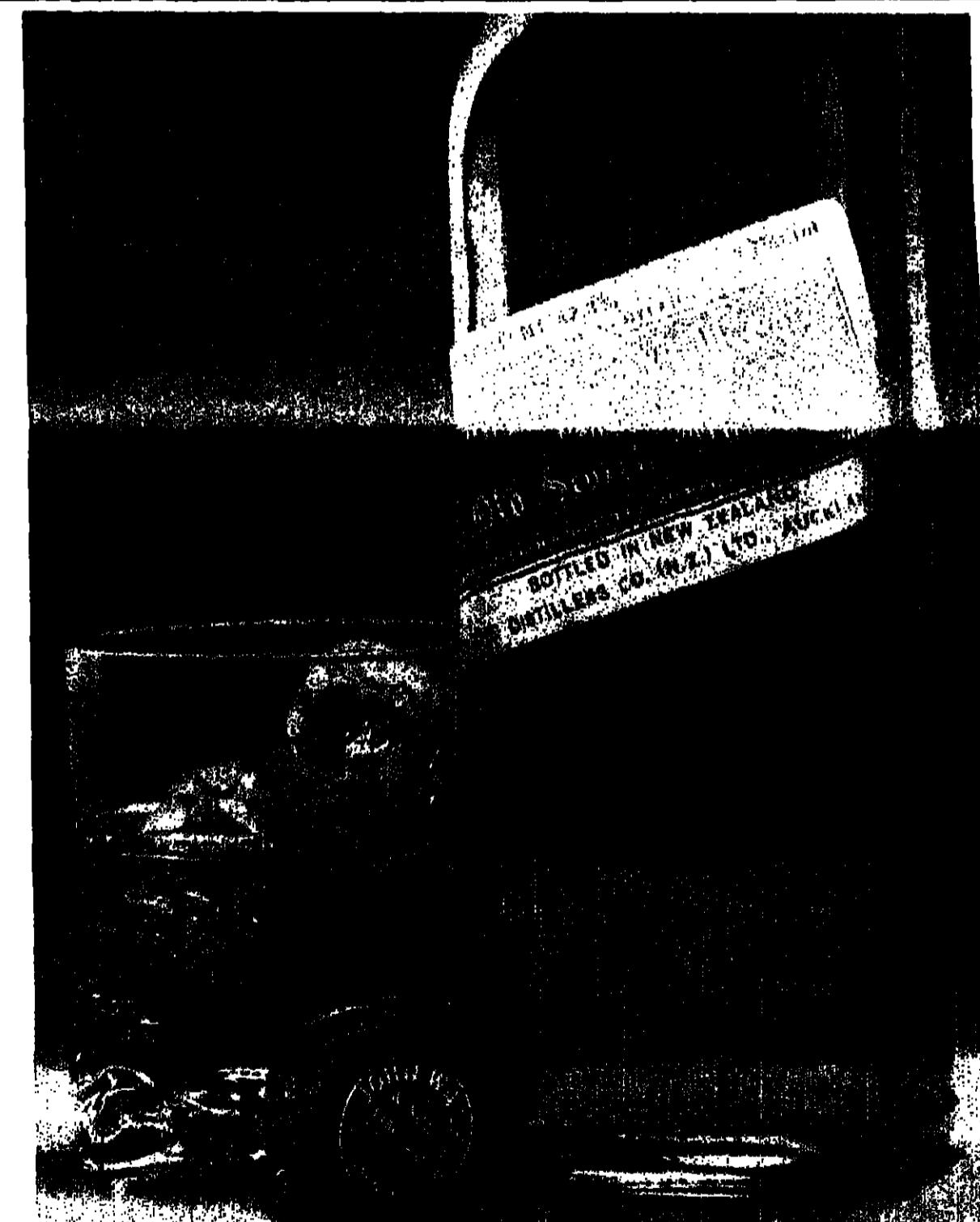
The Japanese most certainly have no use for watches or radios, they want carvings.

New Zealanders are still after their watches and micro wave ovens but the days of the Indian store owner starting at an inflated price so as to come down to a good profit with the impression of a bargain are over.

There is now a resigned fixed price attitude with claims that to drop would mean bankruptcy.

You can point out to your heart's content that his going broke is a matter of supreme indifference to you and the price will waver no more than a dollar or two.

Raikuna maintains Fiji wants to keep its New Zealand trade; Lane praises his high spending Australians but one can't help feeling that for the Fijian wood carver or soup chef, Japanese means happiness.



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Allied Press: takeover target

If there is any surprise in the emergence of a struggle for the control of Allied Press Ltd, it could be simply that no-one had made a real effort to take over either of the Dunedin newspapers long before this.

The battle between Mt Cook Group Ltd and Otago Press and Produce Ltd (OPP) appears to be over with OPP receiving acceptances exceeding 51 per cent, and declaring its offer unconditional.

The struggle was of recent origin. But the roots of conflict for control of the newspaper group go back much further.

As is often the case in newspaper boardroom rivalry, the ultimate losers may well be the readers, who ostensibly at least, the newspapers exist to serve.

The target of the takeover

battle, Allied Press, was formed only in 1976 when the two companies publishing the Otago Daily Times (founded in 1861) and the Evening Star (1863) respectively, merged.

It was an apparent move towards rationalisation, especially in the light of the rapidly escalating costs of new technology across the whole area of newspaper production.

But in part the move was to strengthen each unit. The Otago Daily Times company published a newspaper with a circulation of well over 40,000 and rising, owned a substantial commercial printing plant, and enjoyed healthy balance sheets—too healthy, in fact, for comfort.

Managed in a typically southern conservative fashion, the company, with its obvious (and often liquid) assets, would have been an ideal target for the corporate raider, or perhaps more likely, another ambitious newspaper group.

The Evening Star, circulation less than 25,000 and declining fast, three years ago was more and more depending on its broad investment portfolio for profit growth, and on the performance of the large Dunedin construction firm of Naylor Love in which it held a 50 per cent share.

In addition, there were packaging factories in Dunedin and Christchurch.

Neither the share market nor the building industry were to be reliable areas of financial gain however.

A merger had been mooted occasionally over the years but opposition to it had been strong from Dave Smith, the Star Company's chairman.

On Smith's death his successor as chairman, Vic Cavanagh was to be the principal architect of the merger.

Cavanagh, as tough a business as when he was captain of the Otago rugby team, had locally supported Smith, the declining fortune of the evening newspaper and knowledge that eventually a huge cutaway would be required to modernise plant if the paper was to compete, became the driving factors.

The merger was far more advantageous to the Evening Star than many observers would have forecast.

With the consolidation of 1977 of the total editorial and publishing activities of the newspapers in the hands almost classically designed Star building in Stuart Street, it appeared as if the end was near. David had won on points in the morning Golath.

Hall Masters, former tea company chairmen who became the first chairman of Allied Press, died aged 82.

His successor was Vic Nees, also a former tea director and the head of other public companies.

But his strengths lay in his own immediate retail sphere. He was a relative stranger to the practicalities of the newspaper world.

The real experience of the Allied board now rested with Vic Cavanagh, who had spent his whole working life in newspapers, nearly all of it with the Evening Star.

There were three Smiths: the original Allied board as well, plus another via associations by marriage.

Of these, the most aggressive, and the youngest, was Julian Smith who succeeded his father.

Julian is also a director of OPP and the driving force behind the move by OPP, to put control of Allied Press.

With this intent seemingly realised, the influence of the old Otago Daily Times company interests was lost. The name "Allied" chosen three years ago was inappropriate.

In actual performance however, the Otago Daily Times is very much the stronger partner of the alliance, its circulation is steady at around 45,000, its advertising revenue continues to increase, and it operates at a substantial profit to subsidise the evening paper.

The Evening Star, on the other hand, continues to lose readers, with a circulation today estimated to be well below 18,000. (Accurate circulation figures have always been difficult to get because the company did not submit to circulation audits.)

The Evening Star died the tabloid format earlier this year but won no converts.

There was an exodus early last year of many experienced journalists, including editor Peter Stewart—largely because of the lack of clear commitment to the future of the paper. That was a loss from which there is no visible recovery.

The exodus has continued. And the paper's operating loss may be as high as \$600,000 this year.

The lack of investment in the Evening Star over the last few decades, as profits were channelled into other ventures and the share portfolio, has been as much responsible for the paper's decline as any other factor.

The changing patterns of newspaper reading, the static population in the circulation area, and the challenges of television are also offered as reasons for the present position of the paper.

holds history of control struggle



THE MEDIA

But the constant emphasis on profits being invested elsewhere, rather than in the paper, has played its part. Nor has a passive management helped.

Yet it has probably been the Smith family pride, and their influence on the Allied board, that has ensured the continuing appearance of the Evening Star on Dunedin's streets.

Like so many New Zealand newspapers, the Evening Star had been a family concern. The Smiths' association with it covers decades.

The two older Smiths are no longer on the Allied board, but the broad ownership base of the company that now exists has not dimmed Julian Smith's proprietary approach.

In his early 40s, Julian is bluff, with a voice to match, and gives the impression of always being in a hurry—as indeed he is.

The number of his directorates has grown to include Fairbairn Wright in Lower Hutt and Rattray and Son in Christchurch.

But he holds three which have placed him centre stage in the current takeover play.

He is deputy chairman of Allied Press. He is general manager and a director of John M Fraser and Sons (which has formed Otago Press and Produce Ltd to take over Allied Press).

And he is managing director of OPP.

OPP came into being in March of this year to ward off an apparent takeover move by Christchurch-based H W Smith Ltd (unrelated to Evening Star's Smiths) which had quietly acquired a 16 per cent holding in Allied Press.

So, although there could well be truth in the rumour that Mt Cook Group itself is under takeover threat, and was seeking to secure its own position by a takeover of Allied Press, there were obvious basic reasons why Phillips should have urged his board to make the move.

A fortnight after Mt Cook's initial offer on September 12, of nine of its ordinary shares for eight Allied Press shares, plus 25 cents for each Allied Press share, the company increased its cash offer by 10 cents.

But the move was too late. OPP had offered \$1 cash.

But OPP supporters had also moved to purchase—in a cash bid of \$2.25—the 16 per cent shareholding of H W Smith Ltd in Allied Press.

OPP was formed to combat what was likely to be an asset-stripping operation, although H W Smith's activities came to

Allied Press, but has since withdrawn from that position.

He remains a trustee of the Fraser Trust, which played a part in enabling the John M Fraser group to set up Otago Press and Produce Ltd.

What Valentine achieved, in what is now being called a merger of Otago interests, is Smith and Fraser control of both the newspaper operations and John M Fraser's involvement in poultry and fruit and produce.

There is almost certain to be a restructuring of the Allied Press board, and the former Times directors as loyal to Otago as anyone (Hunter is chairman of the Otago Council) could find themselves out the door.

And what of the two newspapers, the glamour objects in the takeover struggle?

The Otago Daily Times should continue to strengthen its position. But the continued existence of the Evening Star seems less assured.

The Otago Daily Times

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Life offices seek less Government direction

by John Sloan

LIFE insurance office's investments in New Zealand total \$3000 million, 49 per cent of which is invested according to Government directives. Currently, life offices must invest 20 per cent of their assets in public sector securities with the minimum Government security component being 19 per cent; and a further 20 per cent of their assets must be invested in housing and farm investments.

The life offices concede they "have a prime responsibility to provide their policy holders with the best value for their premiums (for example, by good bonuses) and recognise that, with the investment of their policy holders funds, they have a national and social responsibility. This is in the interests of the country's economy, the community and policy holders themselves".

Life offices maintain they should not be subject to strict Government investment directives and cite four major reasons to support their view:

- The 20 per cent housing-farm directive is unnecessary and inelastic especially in the prevailing stagnant market. "It is wrong in principle to deliberately force-feed surplus



• The 1979 Budget's emphasis on increasing export earnings can be boosted by the life offices if they can voluntarily direct more money to this area. "The 1979 Budget has placed emphasis on increasing export development, farming expansion, facilities for tourists, support for the meat freezing industry amongst other matters. Life offices are best able to meet changes and needs quickly if they have wide discretion".

This investment mobility

("fancy footwork") to bolster their argument; their version is: "relative priorities for financial needs have changed and can be expected to continue to change. Relaxation of directives is slow and can be too late. New directives can create severe distortions in investment patterns. Life offices are best able to meet changes and needs quickly if they have wide discretion".

In today's climate of rapidly changing economic con-

funds back into the housing market when such funds could more appropriately be absorbed by, say, industrial development demands to improve exports and employment opportunities".

• Increasing the tax exemption for life insurance premiums would attract more funds to life offices which in turn could be reinvested in long term projects.

• The 10 per cent local authority priority directive cannot be justified in today's conditions. "... other investment demands clearly should be met first. To the contrary, local authorities must be discouraged from too ready access to funds. This segment of the public sector investment directive has no validity and should be revoked".

And they use one of the Prime Minister's pet sayings

TRADITIONAL concepts of life insurance continue to be adopted by insurers who create new models.

The T & G Life Society has taken a "new approach to life insurance" with a scheme termed "Flexipol Superannuation".

Flexipol is specially designed for: professional people; the self-employed; people who cannot join a superannuation fund; and those who wish to augment their existing superannuation protection.

The meeting of basic insurance needs is normally achieved by people effecting a combination of separate policies over a period of time. This can result in a person's life insurance becoming inadequate or inappropriate.

T & G maintains that its "Flexipol" will overcome these problems, place far

more control of the policy in the hands of the member and will satisfy most long term life insurance needs.

Matthews claimed Flexipol had these further advantages:

- "The Trust Deed has been approved by the Governor Actuary, and as such, later earnings in the fund are free, thus providing high long-term returns as compared with normal life policies;

- Other options enable the member to increase the sum insured within certain limits without evidence of insurability.

A further advantage claimed for Flexipol superannuation is that it is possible for a member, after holding the policy for at least two years, and finding he cannot pay premiums for a certain period, to avoid an interest penalty while his premiums are paid.

When the policy holder's financial situation improves, he is able to switch the policy in a direction which will

provide a more attractive return on retirement, or any other predetermined date after the age of 60.

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result in the creation of large numbers of jobs, through encouragement of small manufacturing and contracting operations.

Conservation, after all, is the sum of a large number of what are, in themselves, trivia.

While acknowledging the need to move towards developing a much greater degree of self-sufficiency, particularly in liquid fuels, we must take care to retain flexibility, and not risk simply transferring from an external hook to an indigenous hook, particularly if both are owned and operated by transnational corporations.

But the most important criterion for judging any policy, is the extent to which it is flexible enough to accommodate changes in social, economic and other factors, such as the availability and price of oil.

In determining how to implement a policy, those actions which avoid closing or otherwise pre-empting other options for the future should be encouraged.

In addition, it should be recognised that there is no single answer to any of our problems — in energy or any other area — and that a reasonable measure of diversity will give us the flexibility to be able to adjust to change much more easily.

Synthetic petrol seems to be economically and strategically undesirable.

It also risks reducing our long-term ability to adapt to changes, say in engine technology, which are already under way, particularly in Europe.



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Flexibility key to judging policy

by John Peet

Our present system, which is almost totally dependent on petrol as a transport fuel, has been shown clearly since 1973 to be inherently dangerous.

This country should aim to get on to the path of maximum practicable conservation as soon as possible, because this is the only way of preserving the options whereby people will be able to make social choices in the long term.

The difficulty with that argument is that it is unlikely (and probably undesirable) that any consensus could be reached, even in the short term, as to a nationally meaningful set of social guidelines.

The main conclusion from the fourth New Zealand Energy Conference's Forum on "Energy and People" was that policies in general, and energy policies in particular, must be designed to encourage the people to generate their own personal solutions, and not try to impose such solutions on them, only applying constraints when they are unavoidable.

"We're looking at much younger people than we used to,"

With exceptional executives

a scarce commodity, competition to hire them can be fierce.

Spraggan's firm last month tried a new assertive approach, mailing out, unsolicited, a list of 48 executives

Talent shortage hots up search

by Mary Varnham

THIRTY years old? Chalked up some good, solid experience in business and administration? Ready for a bit more responsibility and a lot more money?

You may be just the person one of New Zealand's top companies is looking for.

The job? General Manager.

The salary? \$25,000.

Ten years ago you wouldn't have had a dog's show of getting a plum job like this until you were at least 40 or 45. But today there's such a shortage of top flight executives that the seniority barrier is crumbling away.

Such a policy would also result in the creation of large numbers of jobs, through encouragement of small manufacturing and contracting operations.

Who weren't actively job-hunting but who might consider a change if a good enough offer came along.

The list, with a covering letter, went to around 200 companies. ("We only deal with the top ones.")

To protect confidentiality of those on it, no names or company identifications were given and the list was vetted by four people before it went out.

The mailing elicited a

positive response from 10 per cent of the recipients, an exceptionally high figure for this sort of out-of-the-blue exercise.

One company asked for particulars of no less than eight of the people on the list. John P Young & Associates are pleased enough with the results to be planning to make such mailings a regular event, sending them out at least once a month.

Do executives very often turn down a better job when a management firm brings it to their attention?

"Very rarely. Usually only if they have reservations about the new location, or domestic responsibilities which prevent them from moving."

While high-powered executive headhunters are a relatively new thing in this country, shortage of talent, coupled with the high cost of advertising and the burden of interviewing dozens of job applicants, have ensured them a large share of the market.

Which well-known company makes 6000 things you have never heard of...except perhaps one?



"The Financial Times ordinary share index is down two point four, again."

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Supply eases; prices rise

by Peter Isaac

THE worst of the raw materials shortage seems to be over for the plastics industry.

"The raw materials are there — we even have allocations that have not been utilised," said Henry York's plastics materials manager, Frank Meinke.

"It looks pretty clear," comments PDL's plastics manager Lou Broekmeyer, "we really haven't had many problems at all."

The bite for the plastics industry has been in the price, however. In the last 12 months such basic raw materials as PVC and polyethylene have almost doubled in price.

Even so, this dramatic increase in price has not had the effect on finished goods costs that was first predicted. This is because the plant, labour, and expertise content of many finished products was greater than the industry had at first realized.

The supply picture is also improving as manufacturers at home and abroad start eating into their own stockpiles, as the need for an emergency hoard disappears.

The vastly boosted prices of raw materials worldwide has meant that new production is coming on stream all the time.

The latest announcement is the expansion at Allied Chemicals Baton Rouge plant.

Scheduled for completion in 1981, the new expansion programme will boost Allied's HDPE capacity by more than a quarter.

This was possible because of New Zealand's position as one of the world's last open markets for plastic raw materials — there is no chemical process here more sophisticated than compounding.

Meanwhile, the supply houses have gained themselves considerable goodwill among New Zealand manufacturers by continuing to supply through the difficult middle part of the year.

Foam kills sound

INCREASING environmental strictures on factory noise means that local plastics manufacturers should take



Marley enters pipe line

Cash squeeze cuts checks

THE

Ministry of Health has imposed a do-it-yourself environmental monitoring procedure on the chemicals industry.

The plastics industry, along with other chemical industries, will be responsible for its own industrial and biological monitoring of certain chemicals.

The change of policy reflects the cash squeeze in the ministry.

"This free service to industry can now only be maintained either by considerable increase in staff and facilities or by restricting available facilities for routine investigations," said Health Minister George Gair.

But the Health Department will maintain a watching brief over factories where such chemicals as isocyanates are used.

FOREST Products has taken a bumpy ride with the Marley Company. Forest Products bought 60 per cent of the company a year ago. Marley was attractive because of its sales outlets which gave the forestry giant an expanded reach into retailing.

Marley also has an important technical agreement with Vinolia Tubemakers of Australia, technical assistance from Marley's worldwide headquarters in Britain.

The dip mouldings do not crack, craze, or age, through oxidation. In addition the use of a special double dipping technique permits production of two colour mouldings.

The nature of the process — in which a heated tool is dipped into a tank of cold PVC plastisol — means that tooling is relatively cheap.

A major benefit of PVC dip moulding is the low cooling cost and it enables development engineers to use the process to try out prototype designs without excessive expenditure.

Typical mouldings produced for the motor industry are covers for inertia reel seat belts, seat belt anchors and stalks, universal joints, in strut backs, handbrake mechanisms.

Comments Wes Brown factory manager of Salmond and Spragg: "Many local manufacturers of plastic containers are currently shipping their products empty to Australia. They could be gaining greater export sales by having them filled here with powdered goods."

The full automated plant can mix and package any inactive powder such as detergent, milk powder, instant coffee, alumina, baby foods, and salt.

Dip moulds make inroads

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Acquisitions on increase

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The institute along with the Engineering Industry Training Board kicked off a campaign to boost the number of apprentices in the industry. However, the problem has been made more intense now by the number of tradesmen who have joined the plane people, mainly to the land of the big pay pocket — Australia.

Cresta rides out sales tax

CRESTA Craft, the Christchurch-based caravan and boat maker is surviving the imposition of 20 per cent sales tax on all fronts.

The company is expecting a

second \$500,000 patrol boat order from South East Asia. In the meantime the company has supplied Picton with a flotilla of fibre glass pedal boats.

The pedal-paddle boats were designed and made by Cresta Craft.

Each one has been subjected to a marine survey as a passenger carrying craft.

Together with a boom in vehicle conversion, Cresta Craft founder and managing director Don Kilner has been able to keep his large staff intact.

Cresta Craft has prominence in the caravan industry world wide as the only company to manufacture an aerodynamically styled caravan on a production basis.

The caravans incorporate

two large fibre glass single piece moulds in the front and back sections.

The company recently abandoned making all

Zealand at that time.

AGMAR Engineering, the Petone tool maker, is currently crafting moulds on behalf of companies as far afield as Mexico, Kentucky, and California.

These moulds — an entirely new export product — are for crash helmets in which Agmar Engineering has become an acknowledged world leader.

Karl Walker, who runs Agmar Engineering, has become well known for his expertise in moulds for plastic consumer products, including the moulds for the Philips stereo cassette player of four years ago — then the most sophisticated plastics consumer product made in New Zealand at that time.



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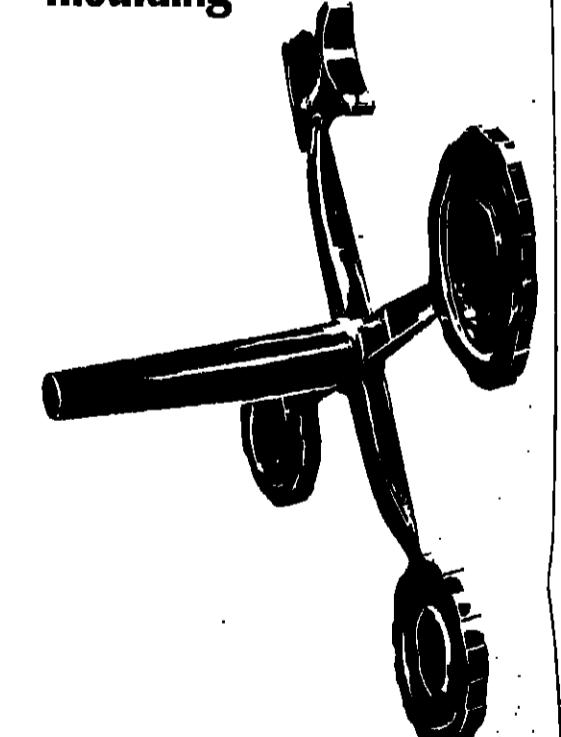
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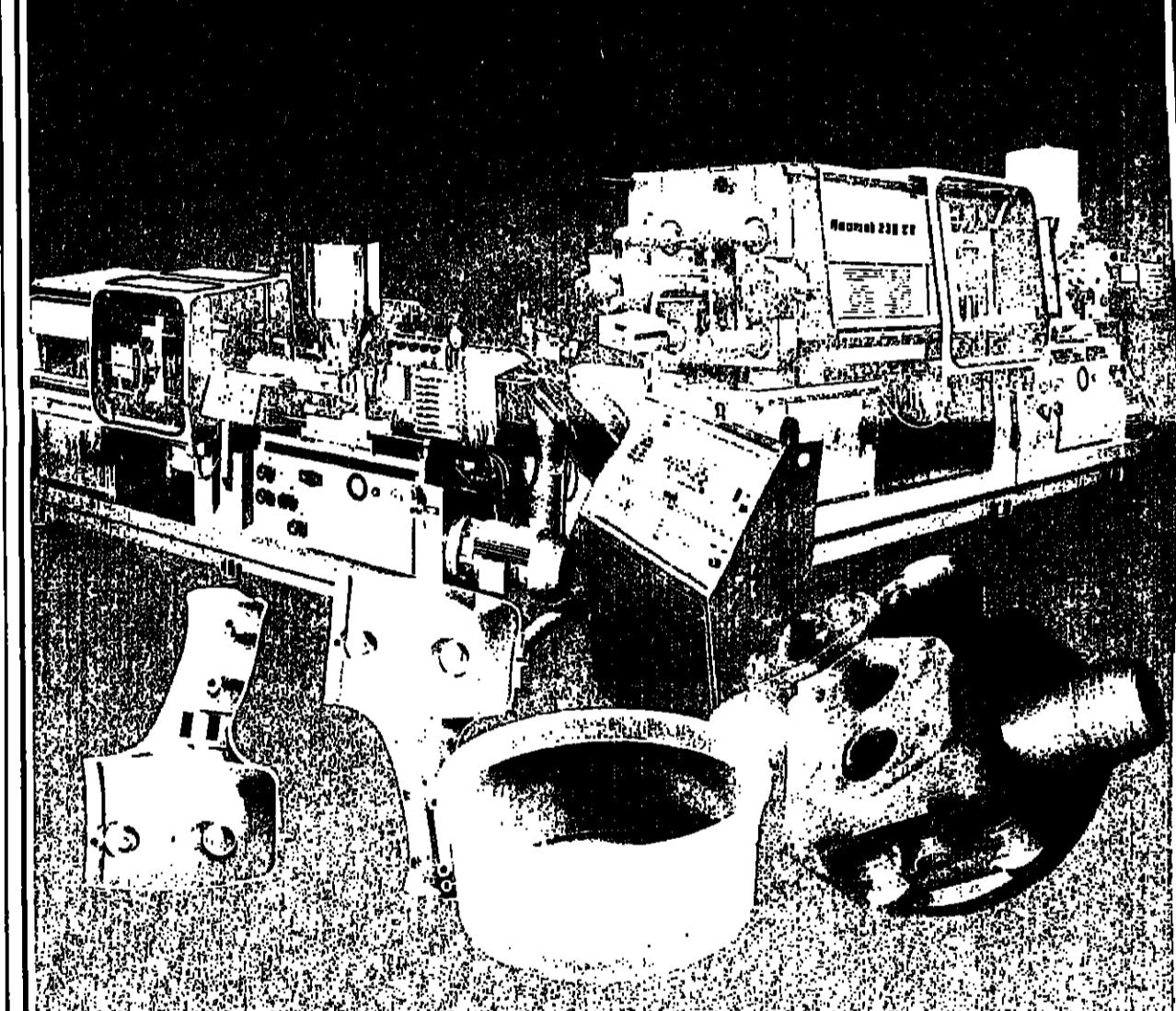
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